
MDHA MANAGEMENT ASSISTANCE TEAM

PROGRESS REPORT

September 15, 2006



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EXECUTIVE SUMMARY

INTRODUCTION

This report is a follow-up to the Miami-Dade Housing Agency (MDHA) Management Assistance Team's (MAT) Preliminary Report, which was circulated to the Board of County Commissioners on July 18, 2006. Subsequent to the findings in that report, the County Manager asked Senior Advisor Cynthia W. Curry and the MAT to assume the day-to-day management of MDHA. The Team has also been charged with immediately addressing identified deficiencies, while continuing to perform reviews of additional areas of the MDHA that warrant heightened management attention. The Report is an update regarding the various activities underway at MDHA since the issuance of the Preliminary Report. It details additional findings and observations of the Team, as well as the specific actions and initiatives that have been completed, are underway or are being planned to address issues in the Agency (see attached Table summarizing key initiatives).

DIRECTOR'S OFFICE

- Reductions in federal funding over the last ten years have contributed to a chronic recurrence of issues associated with rehabilitation and maintenance of housing stock, resident services, inspection of housing stock, skills and competencies of employees, security and safety issues, investment and application of information technology, waiting list management and other issues that have negatively impacted MDHA operations.
- Over the last several months, MDHA has lost five of its senior employees, all of whom were key staff supporting day-to-day operations, with two additional employees pending disciplinary actions, and one demotion.
- The MAT has galvanized the talent and skills of many employees across the County, as well as U.S. Department of Housing and Urban Development (USHUD) local area office, Fannie Mae, Tampa Housing Authority, and others to assist in the filling of management voids in MDHA.
- The search for a permanent Agency Director is critical to instill a sense of stability to operations and normalize operations; a national executive search is underway with Bennett Yarger Associates and the appointment of a director is expected before the end of 2006.

- The MAT identified eight overarching management observations that consistently flowed throughout all aspects of the Agency: an unproductive and uninspired organizational culture, a lack of process and procedures or poorly conceived procedures that did not provide adequate controls and parameters, a communication disconnect inside and outside of the Agency, a lack of fundamental information technology infrastructure, the need for staff training, a lack of customer service focus, weak to non-existent records management and document control, and an overwhelming backlog of grievance hearings.

FINANCE AND ADMINISTRATION

- The Team found that the MDHA Finance and Administration Division was inadequately staffed with more recent resignations causing a serious knowledge gap in the Division; recruitment for a Finance and Administration Director and Assistant Director are underway; in the interim, the MAT requested support from the Tampa Housing Authority through a Memorandum of Understanding, and this arrangement is working well.
- The capital budget function in MDHA was disjointed, with the information on capital projects being tracked by staff from the Compliance Division with little or no oversight by Finance and Administration; this function will be transferred to the Budget Unit under Finance and Administration where the operational budget is managed.
- A comprehensive review of the entire table of organization will be undertaken to assess the most efficient and effective allocation of personnel; this is scheduled to be complete by the second quarter of FY 2006-2007.
- Over the last several years, federal funding reductions have had a negative impact on MDHA programs (funding was reduced from \$27.3 million in FY2001-02 to \$24.8 million projected for FY2005-06).
- The Public Housing subsidy, determined by U.S. Congress and USHUD, is still pending approval by Congress; although Calendar Year (CY) 2006 funding has recently been decreased, it is too early to determine the level of subsidy for CY 2007, and thus the net impact to MDHA's FY 2006-07 budget, will not be known until later this fall.
- The County Manager's FY 2006-2007 Proposed Resource Allocation Plan, accepted on first reading by the Board but subject to final approval on September 20th, includes \$15.5 million of funding for MDHA programs to include safety and security, rehabilitation of vacant units, and a rental assistance housing program.
- Beginning in CY 2007, USHUD will be implementing the Asset Management Projects (AMPs) methodology for determining the level of subsidy for housing agencies; this change will first be implemented in the Public Housing Division and then implemented agency-wide; this methodology will have extensive operational, managerial and financial implications for MDHA.
- With technical assistance provided by the Tampa Housing Authority, MDHA restructured the AMPs for its Public Housing Division and has resubmitted them to USHUD; this new grouping will allow for the opportunity for improved flexibility

and efficiency, and is expected to result in a higher level of funding than would have been received under the original AMP structure.

- The MAT, led by senior staff in the County's Enterprise Technology Services Department (ETSD), has assessed current technology issues at MDHA and has engaged the necessary services to address immediate needs; staff will continue to evaluate the long-term computer needs of the Agency; the budgetary impact of this component is still being quantified, but will be addressed in the FY 2006-07 mid-year amendment.
- At the request of the County Manager, a Miami-Dade County Office of the Inspector General (OIG) satellite office was established at the MDHA Central Office to engage in investigatory activities as appropriate. In addition, a confidential OIG hotline was established (305-644-5300).
- There are a variety of audits, reviews and/or investigations ongoing at MDHA to include: Office of the State Attorney, USHUD Office of the Assistant Secretary – Deloitte Financial Advisory Services Forensic Audit Team, Miami-Dade County's OIG, USHUD OIG, Miami-Dade County's Audit and Management Services Department, and the Miami-Dade Police Department's (MDPD) Public Corruption Bureau.
- The MAT, with assistance from the Office of Strategic Business Management (OSBM), redesigned the Active Strategy scorecard for MDHA to include initiatives and measures more reflective of the MDHA mission. The new scorecard is undergoing final review.
- The MAT has begun a review of best practices at housing agencies. Staff will be visiting the Atlanta and Jacksonville housing agencies within the next 30 days to obtain additional insights and information.
- MDHA's size and structure make it difficult to draw apples-to-apples comparisons with other housing agencies. MDHA is one of nine agencies categorized as "Extra Large" and is ranked 6th in the nation in terms of the size of its combined Public Housing and Section 8 Programs. In addition, MDHA is among the 5 percent of housing agencies that are a part of a local government; 95 percent are independent authorities.

DEVELOPMENT AND LOAN ADMINISTRATION

- DLAD is principally responsible for managing the Documentary Stamp Surtax (Surtax) and the State Housing Initiative Program (SHIP) funds to provide affordable housing.
- The large majority of Surtax funds are generated by a fee assessed on all transfers of commercial property (\$0.45 for every \$100.00 of commercial real estate sold). Since 2003, 4,195 units have been constructed with the support of \$54.3 million in Surtax funds.
- Annual funding received by the County from the SHIP is approximately \$8.0 million. These funds are administered by the Florida Housing Finance Corporation (FHFC). Staff from the MAT have spoken to executives from the FHFC, as well as invited them to Miami to meet with other members of the Team

and address funding issues. The FHFC has indicated that there are no issues from that office regarding the County's use of its SHIP allocation.

- The MAT found a lack of internal controls at DLAD which resulted in ineffective management oversight; as a result of weak management oversight at DLAD, program day-to-day supervision and oversight was transferred to the County's Finance Department where immediate steps were taken to secure program functions.
- Loaned staff from the Finance and the Department of Business Development departments was assigned to DLAD, as well as a loaned executive from Fannie Mae and additional support from the Miami-Dade County Housing Finance Authority (HFA).
- In order to immediately address findings in the Preliminary Report regarding the deficiencies in the computer and information systems, the MAT worked with the County's ETSD to design a system to manage open contracts and projects; the system is in the testing stage and is projected to come on line by the end of September 2006.
- ETSD will also conduct a gap analysis for addressing other DLAD information needs.
- Final negotiations with KPMG have concluded and a forensic review of Surtax funds began on September 13, 2006; although MDHA has an annual financial audit, an in-depth compliance audit specific to Surtax has not been conducted in over five years.
- In the last five years, DLAD processed approximately 1,800 second mortgage homeownership loans totaling \$67.3 million in coordination with the banking community.
- A review of prior practice revealed that the previous DLAD administration made exceptions to existing written guidelines to the extent that the practice became the adopted course of business with the lending community; the MAT has subsequently reinstated the homeownership loan program to operate in accordance with adopted written guidelines; the MAT has begun meeting with members of the banking industry to review guidelines and revise as necessary.
- A Loan Review Committee was recently established for homeownership loans; the committee was established with two members from the banking community and three members from staff; this committee was previously comprised of all internal line staff; the Loan Committee will meet monthly to assist DLAD.
- The MAT is recommending that the Surtax Homeownership Loan Program be blended with the homeownership loan programs that are currently offered by the HFA.
- A review of more than 380 active developer project files is underway; the MAT discovered that each project had multiple files for loan servicing, construction, and correspondence located throughout the various offices; master files have been compiled for each loan and key information on each loan was consolidated on a master spreadsheet.

- The MAT found previously established interest rates and repayment terms were applied inconsistently; terms and loan conditions are under review and guidelines for future applications will be established.
- The MAT is developing improved criteria and evaluation tools for the 2007 RFA process that include increased emphasis on: past performance of the developer; viability of the development; readiness to proceed; tax credit information; previous funding amounts and status of construction; a credit underwriting review mirroring that of the FHFC; management plan review; inclusion of standardized language within the Affordable Housing Contract regarding penalties and sanctions for noncompliance; standardized language requiring adherence to strict timelines; and funding hard construction costs instead of pre-development costs.
- The MAT recently conducted an analysis of project status for open incomplete construction loan projects; the total amount of Surtax funding awarded for open commitments is \$104 million; funds disbursed to date are \$27.9 million; affordable housing units projected to come on line are 5,197; the total number of projects impacted is 74.
- The construction review process included site visits documented by photos; 41 percent of open contracts prior to the 2006 Request For Applications (RFA) allocation have not begun construction; some of the projects will be cancelled and funds recaptured.
- The MAT has developed a series of controls for open contracts to include: no more than one extension of time may be granted at the staff level, standardization of time frames within multiple documents for the same development, strict adherence to contract time frames including the 90 day period for contract execution, and delay contract start date for those developments pending tax credits.
- Non-performing developers are currently under critical review and will be notified by staff of the disposition of their project funding and their right to appeal before the Loan Review Committee.
- Regarding the RFA process, the MAT has found that the criteria for evaluating applications from developers for the use of Surtax funding for the development of affordable housing has been weak; close to one-third of the funded projects have resulted in either cancellation or recapture.
- The 2006 RFA process was developed and advertised using previously established criteria; prospectively, improved evaluation tools will be added to the RFA to include, but not be limited to: past performance of the developer, viability of the development, readiness to proceed, tax credit information, previous funding amounts and status of construction, a credit underwriting review, management plan, standardized language implementing penalties and sanctions within the Affordable Housing Contract (AHC), as well as language requiring adherence to strict timelines.
- There are projects that must be cancelled due to increased construction costs, loss or inability to receive tax credits, environmental and permitting issues, etc. While funds can be recaptured and reallocated to other projects, it is important as well to avoid additional delays where possible. Therefore staff is exploring a

- process to permit other interested developers to “buy-out” stalled projects. If issues around this can be resolved with the County Attorney’s Office, then this element will be included in the affordable housing contract with the developer.
- A five-year pro forma was developed for Surtax funds analyzing the historical cash flows and projected cash flow utilization through the year 2011.
 - It is important to note that the July 23rd *Miami Herald* article that identified \$29.2 million of Surtax funded affordable housing projects between 2003-2005 could be misinterpreted to mean that \$29.2 in funds were actually drawn or expended by developers for cancelled projects. The fact is that of the \$29.2 million, \$1.7 million was actually paid to one developer, Rivers Development Group (Riverside Homes and Sunset Pointe Apartments); of the \$1.7 million, the developer has returned to the County \$930,402.
 - Many applicants for Surtax funding for rental developments apply to the FHFC for an allocation of Low Income Housing Tax Credits (LIHTC).
 - Developers rely on both Surtax and LIHTCs to produce a financially viable project; in order to bring the Surtax funding process in line with the LIHTC process at FHFC to increase the chances of Miami-Dade developments receiving Housing Credits, changes are slated for the Surtax process; of particular note, each application for Surtax funds in connection with a Housing Credit application will be reviewed by one of three third party underwriters used by FHFC.
 - The MAT found that there was an established payment process for disbursement of construction loans; however, in the case of some developers funds were disbursed without construction progress; these included Fannie Mae Line of Credit recipients, the MDHA Development Corporation, and Riverside Homes; the MAT has identified two additional cases that are currently under review.
 - In April 2002, the County received a \$5 million line of credit from Fannie Mae to purchase properties for the development of infill housing; in December 2003, the County paid back Fannie Mae \$5 million plus interest with Surtax funds.
 - There were six developers involved with the loans under the line of credit: Citywide Development, Infill Development Group, Riverside Homes, Better Homes, Fortex Construction, and Personal Paradise; the loan to Citywide Development has been fully repaid and the County Attorney’s Office has pursued the appropriate avenues to recover funds from the remaining five developers.
 - After researching multiple databases to consolidate information, the MAT has summarized a five-year history of completed projects; from 2001 to present, \$99.4 million supported the construction or rehabilitation of more than 9,400 affordable housing units in 103 projects, with the average Surtax investment per unit at \$10,525.

APPLICANT AND LEASING CENTER

- The Applicant and Leasing Center (ALC) is the point of entry for applicants needing Public Housing and Section 8 housing through MDHA and is responsible for maintaining the tenant-based, project-based and mobility pool waiting lists, interviewing and determining eligibility of applicants, offering units and providing transfers for public housing residents.

- The MAT's review of the ALC identified operational deficiencies including poor customer service to its clients, inadequate staff supervision, and inefficient applicant processing to expedite moving into public housing and in maximizing utilization of Section 8 vouchers.
- Storage of files needed for daily operations are maintained in a neglected building located two blocks from the ALC; 40,000 accumulated files from prior years were found.
- A lack of communication between ALC and the Public Housing and Private Rental Housing divisions affected the successful placement of applicants into housing.
- The Team established three primary goals: enhanced customer service, focused waiting list management with enhanced applicant eligibility determination, and improved general program operations.
- The ALC is accelerating the processing of applicants by determining eligibility to develop a 'ready pool' of qualified applicants for offering public housing with the assistance of the Department of Human Services (DHS) in developing a pool of a minimum of 850 'ready' qualified residents on two consecutive Saturdays (September 16 and 23).
- To enhance customer service, there has been a realignment of functions and staff to include a customer friendly intake environment and revised customer flow system to reduce wait time; an ombudsman function – Customer Relations Component (CRC) has been established to provide social service referrals and assistance.
- Performance standards are being developed for all ALC employees and a realignment of work assignments among supervisors is being done to ensure adequate staff supervision.
- With the assistance of staff from Community Action Agency (CAA), policies and procedures are being developed to provide standardized guidelines for determining eligibility and overall workflow.
- A backlog of 1,000 cases were found to be pending hearings; the hearing process is being revamped to include the use of administrative officers agency-wide to develop a pool of hearing officers to reduce the number of pending hearings.

PRIVATE RENTAL HOUSING

- Private Rental Housing administers the Section 8 Housing Choice Voucher, Moderate Rehabilitation, New construction and Substantial Rehabilitation programs, in addition to the homeless programs which include Shelter Plus Care and Single Room Occupancy Moderate Rehabilitation homeless programs other subsidized housing programs for MDHA other than Public Housing, administering approximately 18,000 privately owned subsidized rental units.
- Staff is working to improve the reporting rate accuracy of data that is required to be transmitted to USHUD (Public and Indian Housing Information Center (PIC) transmissions) in order to achieve the required 95 percent rate by the end of the

calendar year; sanctions will be imposed by USHUD if this threshold is not achieved; to accomplish this, an up-front USHUD validation tool to reduce data errors prior to submission was installed.

- To provide better customer service, the County's 311 Answer Center will begin taking calls for all Private Rental Housing programs, thereby tracking customer inquiries and complaints, and assisting by reminding Section 8 clients of recertification appointments, annual and compliance inspections and other key dates; target operation date is late October-early November 2006.
- To effectuate better service and streamline operations, Private Rental Housing staff has been realigned into work teams; job descriptions for staff were developed to include performance measures; the reorganization eliminated middle managers to allow better communication between top managers and line staff.
- To address critical concerns in the Section 8 Inspections area, highlighted by a USHUD OIG audit, the Inspections Unit has been reorganized; further steps are being taken to improve the Inspections function to include exploring outsourcing this function; MDHA has already met with collective bargaining representatives regarding this change.
- MDHA is exploring the feasibility of outsourcing Housing Quality Standards Inspections function. The USHUD-required rent reasonableness reviews were outsourced in April 2006.
- An overhaul of records management procedures is being performed to ensure files are properly tracked, stored, and information is accurate to prevent reporting errors.
- The webpage for the Section 8 program will be enhanced to provide additional information to landlords and tenants.
- Private Rental Housing created a Technical Support Unit to conduct quality control reviews of files, data entry and adherence to USHUD guidelines and regulations.
- To assist very low income families to move into Public Housing and Section 8 housing, \$5 million has been included in the County Manager's 'First Change Memo', submitted at the first public budget hearing on September 7th, for payment of security deposits, moving expenses, and utility hook-up deposits.
- An incentive program is proposed to encourage Moderate Rehabilitation owners to keep their properties affordable to very-low income families to include loans for improvements to their properties, and assisting with increased operating costs not covered by federal subsidies, and for relocation costs when residents are required to relocate due to rehabilitation; this program is not funded at this time. The Board recently approved a resolution creating a preservation fund, however, no funding has been identified. Staff is continuing to research the fiscal impact of the affected housing stock.

PUBLIC HOUSING

- MDHA is one of Miami-Dade County's largest landlords with the responsibility for managing and maintaining more than 9,800 units.
- The three critical areas of focus in the Public Housing arena is the need to fill public housing vacancies, the need to assure the safety and security of Miami-Dade County's public housing residents, and funding issues related to the reduction of federal operating subsidies to support public housing operations and the conversion to an asset management program required by USHUD.
- A multi-year Safety and Security Plan, totaling more than \$10.4 million is proposed to provide the following improvements: street lighting; exterior development lighting to illuminate public areas; perimeter fencing surrounding the public housing properties; closed circuit video monitors; street closing, barriers, and traffic re-routing to manage traffic flows in the interior streets of developments; security guards to deter criminal activity.
- The Board approved \$4.8 million in improvements in FY 2006-07 at the first budget hearing on September 7th.
- To seek additional funding for the safety and security improvements, MAT, OSBM, the Office of Community and Economic Development (OCED) and MDPD will seek grant funding to complete the \$6.6 million in proposed improvements.
- To date, 80 new lights have been installed and existing lights have been repaired, with bullet proof covers, at the Liberty Square public housing development; safety surveys have been completed for all public housing properties, and cost estimates have been completed.
- Better coordination with the City of Miami Police Department and other municipal police departments, as well as the MDPD, is necessary to combat crime in and around public housing developments and provide a safe environment for residents and staff; at the Liberty Square site, the City of Miami Police have increased their presence.
- To address the filling of vacant units, it is necessary to accelerate the repair of vacant units by waiving competitive bidding for general contractors to complete repair work.
- MDHA has developed a public housing vacancy reduction plan to fill 155 ready to occupy units by mid-October, renovate 330 more units, and evaluate and contract work to repair 624 units needing significant rehabilitation work; by November 30, 130 vacant units needing rehabilitation are scheduled to be completed; MDHA has set a goal of leasing 40 units per week.
- In order to expedite the repair and rehabilitation of public housing units, the County Manager recommended \$5.2 in the first Change Memo; this was approved by the Board on September 7th at the first budget hearing.
- The lack of sufficient custodial staff has led to poor maintenance conditions at public housing sites; the MAT with the assistance of the County's Department of Procurement Management established an emergency janitorial contract for custodial maintenance at 17 public housing sites.

- Staff is working on a long-term janitorial contract for all housing sites at a cost of \$500,000 with an anticipated award of contract in October.
- With the contracted janitorial service at public housing sites, MDHA's non-emergency work order turn-around time is expected to decrease due to the reassignment of maintenance staff to perform more traditional maintenance related work.
- Small roof repair contracts were initiated to address public housing roofs with hurricane damage.
- MDHA requested elderly designation of its public housing sites that house senior residents.

INFILL HOUSING INITIATIVE

- MDHA never codified the specific policies and procedures essential to ensure consistency and accountability in the Infill Housing Program, contributing to the number and degree of problems and lackluster performance.
- The County's OIG is in the process of reviewing the status of all lots, also known as parcels, in the Infill Housing Program, including privately owned lots, to determine if the original buyer met the eligibility requirements; the OIG will determine if the properties are in compliance with the Declaration of Restrictive Covenants if the home has since been transferred.
- On June 5, 2006, the Infill Housing Program was transferred to the GSA to ensure a more effective, efficient and legally proper implementation of the Program and enable staff to take a more comprehensive approach to managing the County's land inventory.
- Based on staff's review, the practices used to implement the program, as well as, the feedback gathered from the affordable housing development industry, it is clear that major changes are necessary in order to expedite the process of building and selling homes; ensure that those who need the homes are the ones who purchase them; and infuse integrity and accountability into the process.
- Too often, parcels were conveyed (by sale and donation) to developers despite significant development and title problems; many other parcels which were clearly too small or otherwise not feasible for development were inappropriately put "on hold" for infill housing
- To address this issue, the County Manager has established the Affordable Housing Review Committee (AHRC), made up of representatives from key County agencies, to establish standardized criteria by which County land parcels are judged appropriate for the Infill Program; determine the suitability of said parcels for infill or affordable housing development, and; determine how and whether to correct property development problems before lots are made available to developers.
- To maximize the number of developers participating in the program, while at the same time excluding organizations with little or no experience in building affordable housing from participating in the Program, a Request for Qualifications (RFQ) will be issued in the coming weeks to formalize the process

of qualifying and selecting developers (both for-profit and not-for-profit) to participate in the Infill Housing Program.

- Since assuming oversight of the Program, GSA has been aggressively clearing liens with the result that, to date, liens have been cleared from all but 43 of the 468 parcels conveyed by the County. The remainder will be cleared within the next 60 days.
- Staff is working with the County Attorney's Office to explore the possibility of creating a pool of private attorneys to address quiet title issues prior to conveyance.
- Recommendations for Infill Program improvements included substantial input from the infill housing development community, gathered from individual meetings as well as an industry workshop held in August. Key recommendations included: the need for clear title, a faster turnaround time to obtain building permits, and a more expeditious public hearing process.
- The Board, at its September 12, 2006 meeting, approved an amendment to the zoning code which reduced the lot size and frontage requirements for residential lots platted prior to 1938. A separate code amendment is being finalized which will allow developers participating in the County's Infill Housing Program to go through the administrative variance process, rather than the public hearing process to request variances in lot size, area and setbacks. These code changes will significantly reduce the time needed to obtain a variance.
- The Department of Planning and Zoning is currently reviewing approximately 500 County-owned parcels to determine suitability for residential development.
- The County Deed has been revised to more clearly define restrictions and reverter language and all developers will be required to sign a Declaration of Restrictive Covenants, which specifies that the home must remain affordable for a period of 30 years and cannot be sold without the written approval of the County; the covenant contains a Right of First Refusal provision in favor of Miami-Dade County.
- To ensure that homes are being developed within acceptable periods of time, more frequent and more consistently defined milestones have been set for various phases of development and are being tracked for each lot in the development process.
- Staff is working with the County Attorney's Office to explore the possibility of creating a pool of private attorneys to clear the title prior to conveyance.
- The revised Ordinance and Administrative Order which will establish consistent, sensible and verifiable policies and procedures as well as modify existing practices in order to better achieve program goals, will be presented to the CEERC at their October 17, 2006 meeting.
- Of the 468 lots that have been sold or conveyed, 131 have completed homes on them, and of the remaining 337 without completed homes, 38 have building permits and the remaining 299 are still in the pre-development stage.
- The majority of Infill developers have made good faith efforts to develop these parcels; staff will focus on implementing process improvements and working with developers to overcome title, zoning, and building permitting problems.

- Staff is establishing processes and procedures to provide proactive assistance to developers that include: 1) the creation of infill expedite initiatives within the zoning, pre-development, and building permitting processes; 2) the designation of County staff to serve in an “ombudsman” role to educate developers and assist them in navigating the development process, 3) the use of multiple standard home building plans that have been pre-approved, and 4) the execution of pre-conveyance actions by the County that will result in (i) the County’s conveying clear or near-clear title and (ii) the elimination of most, if not all, zoning and other regulatory obstacles such as impact fees and utility connection charges.
- Developers have agreed to return 12 lots due to their inability to correct deficiencies, and staff has initiated the process to take back title to an additional 47 parcels; developers have been given until September 30, 2006 to return the lots to the County or file an appeal of this decision to the AHRC; a subcommittee of AHRC will hear all applications for extensions and all reverted parcels will be reevaluated to determine suitability for development and will be disposed of accordingly. Failure to do either will result in immediate legal action to take the lot back and automatic forfeiture of their ability to file an appeal.
- For those parcels not currently recommended for reversion, developers will be given clear milestones that must be met, with the failure to do so resulting in automatic reversion; in exchange for being granted the necessary time extensions to complete homes, developers are being required to execute and record the aforementioned restrictive covenant on each lot that include increasing the affordability period from 10 to 30 years, requiring the County’s approval prior to sale, and providing a right of first refusal to the County to purchase the home at the end of the control period.

HOUSING DEVELOPMENT

- The Housing Development Division (HDD) is responsible for the planning and construction of housing rehabilitation projects; HDD is composed of the Facilities Section and the HOPE (Housing Opportunities for People Everywhere) VI Office; HDD was realigned so both the HOPE VI office and the Facilities Section report to the interim Department Director
- An asset management section has been created to address the many deficiencies regarding cost/benefit analysis and best practices approaches to maintaining existing housing and assessing the potential for new development.
- Critical projects underway include the roof repair/replacement hurricane recovery effort, significant modernization and rehabilitation work totaling approximately \$13 million to bring five percent of all public housing units into compliance with Uniform Federal Accessibility Standards (UFAS), and the public housing vacancy reduction effort in coordination with the Public Housing Division, General Services Administration (GSA) and other County departments.
- Miami-Dade County received two HOPE VI grants: \$4.6 million in 1998 for the development of Ward Towers Assisted Living Facility (ALF) and \$35 million in 1999 for the redevelopment of Scott-Carver Homes.

- The goal of the Scott-Carver HOPE VI grant was to replace 850 units with 160 public housing units and 251 homeownership units by leveraging the grant funds with local and private funds to cover the total development costs; all households residing in Scott-Carver Homes have been relocated.
- The County was sued by former Scott-Carver residents to prevent the demolition and the ultimate relocation; the litigation significantly delayed the progress and changed the completion date to December 2008; Phase I, comprised of 52 homes is projected for completion by January 2008; a streamlined contracting process has been developed for Phase II which entails the construction of the remaining 354 homeownership and public housing rental units; an extension from USHUD is being requested for completion of the project by 2010.
- The budget for Scott-Carver HOPE VI is being revised to reflect an increase in the cost of construction and the elimination of Low Income Housing Tax Credits (LIHTC) as a source of funding; the total project budget for both Phases I and II will approach \$150 million.
- An audit by Miami-Dade County's OIG in August 2006 detailed serious program flaws and non-compliance issues in the Community Support Services component of the HOPE VI grant.
- Ward Towers ALF is pending final close out and is currently operated as an elderly housing facility by MDHA in the role of facility manager; outstanding items include completion of the therapeutic pool and retrofitting of ten units to meet the HUD UFAS standards. All pending items and deficiencies must be addressed in order for the project to receive the remaining payment from tax credit investors. These funds, in turn, will be used to pay off the bonds by the February 1, 2007 deadline.
- In an effort to maximize the value of the current public housing sites, a review of sites is being conducted to determine where additional housing can be developed within the public housing properties; some properties are already under consideration in the Building Better Communities General Obligation Bond Program (GOB).
- The County is seeking repayment of the \$5 million paid to the developer for Hometown Station (HTS), the planned administration building for MDHA; proposed settlement terms were reached, but are being held pending the conclusion of the Audit and Management Services audit of HTS; staff is evaluating other options for a much needed administration building.
- MDHA will submit quarterly reports to the Board updating progress on the production of affordable housing units.

AFFORDABLE HOUSING DEVELOPMENT OPPORTUNITIES

- In response to the housing boom in Miami-Dade County, an Affordable Housing Master Plan is under development to plan, create and preserve affordable housing units over the next 15 years; key goals of the plan are identifying and acquiring land for affordable housing, creating incentives to develop housing, and harnessing the private market to create affordable housing, and preserving government-assisted affordable housing.
- In the GOB program, six new public housing developments were approved by the voters; in addition, the GOB earmarked \$137.7 million for second mortgages, preservation of affordable housing units and expansion of home ownership; staff is working with the County Attorney's Office to develop an implementation plan for preserving affordable housing and expanding homeownership opportunities.
- Due to a lack of large land parcels in the urban core, staff is exploring the development tool of Transit-Oriented Development (TOD) as a mechanism to address affordable housing; the MAT has met with the Miami-Dade Transit Agency Director to discuss opportunities for mixed-use developments on Transit-owned property whereby housing would be developed in and around transit nodes.
- Staff is currently reviewing options for maximizing the use of Surtax funds to fast-track the development of affordable housing units. Options under consideration include bonding a portion of Surtax revenue and creating an insurance or guarantee fund capitalized with Surtax collections.
- In order to encourage the retention and provision of affordable housing in Miami-Dade County while complying with applicable Florida property assessment laws, the Property Appraisal Department is finalizing a program that may provide adjusted property assessment valuations for certain affordable and workforce rental housing properties that are not qualified for other specific statutory assessment relief. The owner of such a property would be required to enter into a legally sufficient land use restriction in favor of the County, limiting all or a portion of the property to rental rate or sales price restrictions for a minimum of five years.

COMMUNITY OUTREACH AND PARTICIPATION

- The Community Affordable Housing Strategies Alliance (CAHSA) Task Force was established by the Board of County Commissioners (R-558-06) to assist in addressing the housing crisis in Miami-Dade County by assigning specific task and responsibilities to the Task Force and ensuring participation from a broad cross-section of the community.
- In April, staff began to develop a one-stop information web portal that would serve as the first step in establishing the Affordable Housing Resource and Information Center, building on the work already initiated in 2001 by the Department of Planning and Zoning; through this one-stop portal, renters, potential owners, lenders, developers, employers and other community groups and organizations will have access to the broad array of data, programs and opportunities provided by the County and its partners to address the affordable housing crisis in our region.

- The Affordable Housing One-Stop Information Web Portal (Clearinghouse) design team has engaged all County departments providing any type of housing assistance in the process of updating and centralizing housing information to ensure a comprehensive and current information base that will be used to establish a portal design that will meet the needs of the various constituencies in the most user friendly fashion possible.
- By October 31, 2006, when the CAHSA Task Force fulfills its preliminary reporting responsibilities, the Clearinghouse will be operating as an integral part of the County's broad strategy to address the affordable housing crisis in our community
- Once the Clearinghouse is complete and dedicated staff has been fully trained and educated about all of the housing programs and services throughout the community, the web-based clearinghouse will transition into a support network to the 311 Answer Center, thereby establishing the Affordable Housing Resource and Information Center.
- The County is in the process of partnering with SocialServe.com to provide easy access to housing vacancies and services in our community through a fully-staffed toll free English/Spanish Call Center that facilitates landlords list and helps tenants search for properties while providing continuous property availability updates.
- The County Manager, Senior Advisor Cynthia W. Curry and members of the MAT have made a series of public appearances in person and on English- and Spanish-language media to hear and respond to the concerns and questions of citizens in general and direct stakeholders in particular (residents of public housing, Section 8 voucher recipients, various concerned community groups, etc.).
- With the assistance of the Communications Department and the Office of Community Relations, the South Florida Community Development Coalition co-hosted and moderated two community meetings (August 15, Caleb Center, and on August 17 at the South Dade Government Center) where the County Manager, Senior Advisor Curry and a panel of MAT members participated on the forum that answered questions from attendees.
- The CAHSA committee in charge of organizing the community Summit scheduled for November 11, 2006, is planning three community events in October, in cooperation with the Public Information and Education Committee.

HOUSING, ECONOMIC DEVELOPMENT, AND COMMUNITY SUPPORT SERVICES RESTRUCTURING CONCEPTS

- In order to maximize County resources in the delivery of services to the public, a change in the manner of doing business is required to develop a more effective and integrated service delivery system for housing; the MAT has encountered many complex relationships across these areas which must be realigned so that mission critical objectives can be achieved.
- Explore the creation of the Department of Housing and Community Support Services; this proposed reorganization would include program elements that

would encompass certain social and community support services currently being provided by MDHA, DHS, and CAA.

- Explore the reorganization of the OCED and initiate discussions with other neighborhood and community planning initiatives such as the Metro Miami Action Plan (MMAP), the Empowerment Trust (ET), the Task Force on Urban Economic Revitalization (UERTF), and the Socio-Economic Development Council (SEDC).
- Explore the creation of an **Office of Development Services (ODS)** that would be tasked with oversight of major development activities throughout the County, with the mandate of expediting all elements of the development process to produce affordable housing, and other public projects and facilities. Although MDHA will continue to address the rehabilitation, maintenance and development of its housing stock, the ODS would have a dedicated housing development focus that would address public and private affordable housing projects.
- Existing homeownership program services provided by the HFA will be enhanced by adding the Surtax Second Mortgage Homeownership and Rehabilitation Program currently administered by the Finance Department to the portfolio of the Authority.

ADDENDUM: STATUS OF AFFORDABLE HOUSING PROJECTS

- This Addendum provides summary data on the status of selected affordable housing development initiatives: Surtax Program, Infill Housing Program, loans made under the Fannie Mae Line of Credit, and the status of the MDHA Development Corporation projects.
- Using Surtax funding, from 2003 to the present, 4,195 units of new housing in 22 projects were completed using \$54.3 million in Surtax funds. An additional 71 projects are in progress targeted to produce an additional 3,834 units of homeownership or multi-family rental units.
- Since 2003, 131 affordable homes have been built through the Infill Housing Program on former County-owned parcels that were either bid or conveyed; an additional 38 units are currently under construction with a projected completion date within the next six months; 240 parcels are pending construction and 59 lots are recommended for return to the County beginning September 30, 2006.
- Nearly \$5 million in Fannie Mae funds were disbursed to six developers; since 2003, three developers (Better Homes, Fortex Corporation and Personal Paradise) have produced 45 homes, with an additional 27 homes targeted to come on line; of the three remaining developers producing no homes, one (Citywide Development) returned the funds, a second developer (Infill Development) entered into a court approved settlement with the County, and the County Attorney's Office is proceeding with foreclosure action to recoup funds from the third developer (Riverside Homes).
- Since its inception, MDHA Development Corporation has been awarded over \$37.2 million in Surtax and other funding by the Board; with the exception of the Ward Towers ALF, which is substantially complete, the remaining projects are in various stages of the development with no housing built.

Table 1. Management Assistance Team Initiatives

Area	Action Taken	Attach. No.	Attachment Name	Pending Planned Action
Introduction				
	Creation of the Management Assistance Team	Intro1	MDHA Management Assistance Team	
Director's Office				
MDHA Director Recruitment	Recruitment for MDHA Director's position	DO1	Recruitment Brochure	Interviews and selection of new MDHA Director
	Implementation of the "Back on Track" campaign			
General Observations	Identification of department wide deficiencies in skills training and morale of employees			Establish a plan to improve training and morale among employees of MDHA
	Customer Service Unit is being established to track all agency-wide complaints			
	Already developing a file management practice which includes policies and procedures and retention schedules for sensitive records			Complete meetings with GSA records management and the Clerk's Office to review records retention schedules. Analyze the feasibility of an Electronic Document Management Systems to reduce paper
	Increase the pool of Hearing Officers to address the backlog of hearing requests.	DO2	MDHA Grievance Hearing Reorganization Plan	Training for new hearing officers is scheduled for October 3, 2006 by the County Attorney's Office and MDHA's Office of Compliance
	Development of a training manual for the hearing process is underway with completion targeted by the October 3, 2006 training date			Completion of Grievance Hearing Procedure Manual.

Finance and Administration				
	Reviewed major sources of operating funding and housing programs.	FA1		
	Completed analysis of affordable housing units by program and commission district	FA1a		
	Compiled brief description of housing programs	FA2		
Personnel	Advertised for F&A Division Director and Assistant Director			Generate short-list of applicants and schedule interviews.
	Initiated comprehensive review of MDHA's Table of Organization.			Complete review of overall MDHA staffing levels, position descriptions and existing employee skill sets to better align with USHUD's new funding methodology and revise Table of Organization as necessary.
	Moved the Capital Budget function to the Budget Unit under Finance and Administration			
Funding	Reviewed Proposed Resource Allocation Budget to determine which identified needs have not been incorporated into the FY 06-07 Resource Allocation Plan	Table 2	Table of MDHA Additional Funding Request FY 2006-2007	Ongoing review of potential sources of funding for program that have no identified or committed funding sources
Transition to Asset Management	Submitted to USHUD a more effective asset management (AMP) grouping for public housing projects.			Upon acceptance by USHUD, staff will complete CY 2007 funding request and transmit to USHUD.
	Conducting a review of all proposed Capital Fund Financing Program projects.			Preparation of a complete package for consideration by the Board of County Commissioners and USHUD.
	Initiated a review of agencywide capital needs and available funding sources.			Complete review and send updated CFP budgets to USHUD for approval.

	Executed a Memorandum of Understanding with the Tampa Housing Authority to provide technical assistance to MDHA in the areas of Asset Management and HOPE VI	FA3	Memorandum of Understanding with Tampa Housing Authority	
Management Information Systems	Conducted an in-depth review of the MDHA MIS function	FA4	MIS Action Plan	
	Engaged Emphasys contractors to resolve current problems with the ECS LIB system	FA4	MIS Action Plan	
	Developed and currently refining a proposed FY 06-07 MIS Budget	FA4	MIS Action Plan	
	Created a secure database application to track Surtax projects	FA4	MIS Action Plan	
	Started the design work for the new Housing Information Clearing House Portal	FA4	MIS Action Plan	
	Investigated and working on resolution of Outstanding Payables due to ETSD	FA4	MIS Action Plan	
	Engaged ETSD Senior Project Manager to document Standard Operating Procedures to include Daily Production System, Emergency Preparation and Recovery, and Data Backup and	FA4	MIS Action Plan	
	Implemented DSL at several Remote Property Sites and finishing action plans to install remaining sites	FA4	MIS Action Plan	
	Develop Project Plan for Phase I Elite Upgrade	FA4	MIS Action Plan	
	Size Hardware and Procure for Elite Upgrade Phase I	FA4	MIS Action Plan	
	Initiate Procurement Action for Phase II Elite Software Upgrade	FA4	MIS Action Plan	
	Assess Organizational Alignment of MIS	FA4	MIS Action Plan	
	Transition Infrastructure Management to ETSD	FA4	MIS Action Plan	
	Conduct Network Assessment of all MDHA locations	FA4	MIS Action Plan	

Management Information Systems	Create Scope of Services for Contractor Support of Production System during Implementation of Elite Upgrade	FA4	MIS Action Plan	
	Implement alternative data backup offsite storage	FA4	MIS Action Plan	
	Conduct PC Desktop and Printer Physical Inventory, Document, and Maintain	FA4	MIS Action Plan	
	Evaluate current state of Loan Origination and Affordable Housing Systems for DLAD Surtax Program	FA4	MIS Action Plan	
	Evaluate current state of Loan Origination and Affordable Housing Systems for DLAD Surtax Program	FA4	MIS Action Plan	
Procurement	Expedited procurement contracts in the areas of janitorial services, management consulting, and expedited other critical procurements			
	Expediting the Surveying and Certifications Services of UFAS improvements contract			
Miami-Dade OIG and Other Audit Activities	Establishment of a Miami-Dade County OIG satellite office and confidential hotline	FA5	List of Audit activities recorded at MDHA since 1986	Continue to provide data and support to OIG as requested
	Responding to information request related to ongoing audits and investigations			Ongoing as required
	Audit of MDHA Development Corporation by Miami-Dade County's Audit and Management Services			
	Completed negotiations with an independent firm to perform audit services at DLAD			Forensic review with KPMG to start September 13, 2006
Performance Metrics	Redesigned the Active Strategy Scorecard for MDHA			Final review and deployment of new scorecard
Best Practices Review	Compiled comparative data on model projects that currently exist in Jacksonville, Tampa, and Atlanta. More extensive research on best practices underway including site visits to be undertaken by October	FA9	Comparison observations on Jacksonville, Tampa, and Atlanta Housing Authorities	Continued review and comparison of best practices with Atlanta, Jacksonville, Tampa and other housing agencies
	Benchmarked housing agencies by size for comparisons with MDHA	Table 3	Public Housing agencies ranked by size	

DLAD				
	Transferred Management Oversight of DLAD to the Finance Department			
	Development of secure database to integrate all DLAD information systems			Work with MIS staff to design systems to accommodate DLAD's multiple information and tracking needs
Surtax Forensic Audit	Forensic review by KPMG has started			
Affordable Housing Homeownership Loan Program	Met with banking partners to reinstate required homeownership loan program guidelines	DLAD1	List of participating banking professionals and institutions	
	Created a loan committee to review future applications and to give due process to developers whose loan commitments are being cancelled			
Construction Loans and Open Commitments	Review and consolidation of existing loans			
	Review of active and completed projects over the last (5) years	DLAD2	Active Loans Spreadsheet	
	Consolidated loan files so each loan has one master file			
	Review of open commitments and viability of current projects	DLAD3	Nine surtax developments under critical review	
	Tightened up policies and processes for analysis, cancellation, and recapture of funds			
RFA Process	Creation of a separate RFA process dedicated to Surtax funds	DLAD4		Upon Board approval, complete a new RFA process for use starting the next new cycle
Five-Year Pro Forma For Surtax Funds	Developed a five-year pro forma financial model showing actual amounts and projections of Surtax fund utilization through the year 2011	DLAD5, DLAD5a, DLAD5b	Model description and underlying assumptions	

Allocation of Surtax and Federal Housing Credits	Completed review of how federal and state tax credit programs work			
	Implemented changes to Surtax funding process to require review by third-party underwriters familiar with tax credit process, and to make process transparent, stop developers from making separate requests for funding from DLAD staff.			
	Identified the possible outsourcing of loan underwriting functions for projects funded with surtax / housing tax credits to 3rd party underwriters			
	Created RFA mid year funding cycle to coordinate funding projects with Low Income Housing Tax Credit (LIHTC).			
Developer Loan Process	Created flow chart of current developer loan process and highlighted proposed changes	DLAD6, DLAD6a	Flow Chart of Current Loan Process	
Review of Past Payment Practices	Reviewed past payment practices to developers			
Status of Loans Granted Under Fannie Mae Line of Credit	Completed review of all Fannie Mae LOC developer loans	Table 6	Status of Fannie Mae LOC Developer Loan Repayments and Constriction	
Projects Completed Within Last Five Years	Identified and documented all completed loan projects over the past five years	DLAD7	Five-year History of Completed Projects	

Applicant and Leasing Center				
Enhanced Customer Service	Realignment of the intake area staff			
	Implementation of an ombudsman function in the form of a Customer Relations Component (CRC)			
Focused Waiting List Management and Enhanced Applicant Eligibility Determination	Increased the number of applicants scheduled for daily interviews three-fold from 35 to 108			
	Conduct special processing of individuals from the wait list to determine eligibility in order to yield a ready pool of approximately 850 applicants on September 16th and 23rd			
Improved General Operations	Development of policies and procedures to provide standardized directions for determining eligibility and for overall workflow			
	Expedited records management (clean-up) for the Applicant Leasing Center and Section 8 programs			
	Development of performance standards for each staff member			
	Realignment of work assignments among supervisory staff to ensure adequate staff supervision			

Private Rental Housing				
Changes to Date At The Private Rental Housing Division	Realigned the staffing resources into effective work teams			
	Created job descriptions which include performance measures			
Changes to Date At The Private Rental Housing Division	Elimination of middle managers			
	Reorganized the Inspections Unit			
	Complete reorganization of PRH Services			
	Created Technical Support Unit			
Exploring Privatization Options For Inspections	Exploring privatization options for Section 8 inspections including Housing Quality Standards (HQS) inspections (Staff has held meetings with the Collective Bargaining representatives.)			Conduct a benchmarking review of other housing agencies that have either considered privatizing or have privatized inspections. Development of RFA for privatization of selected functions
Electronic Data Submission Error Reductions Project	Reconciled Emphasys Computer System (ECS) with MDHA's in-house computer system, and PIC to identify missing records.			
	Installed an up-front USHUD validation tool to reduce data errors prior to submission to PIC			
	Review all ECS translation codes to ensure they translate accurately to appropriate coding in PIC			
	Actively reviewing and evaluating records to ensure that file contents are accurate and complete			Completion of new records management processes and procedures with retention schedules

311 Answer Center	Completed knowledgebase for 311 operators to take calls for Private Rental Housing			Training of 311 staff to make switchover of calls to 311; 311 is planned to take informational calls, make appointment reminder calls and other types of calls that will allow housing specialists to focus on processing new clients and on annual voucher recipient recertification.
	Identify more web page content for public information and education			Produce an enhanced web page to provide additional information to tenants and landlords
Public Housing				
Safety and Security	Installed 80 new lights and repaired all of the existing lights within and around the Liberty Square site			
	Completed safety surveys of all Public Housing Property	PH1	Information for each site and area map showing site locations by BCC district	
	Reviewed demographic information	PH2	Demographic information of Public Housing Families	
	Completed budget estimates for Safety & Security in Public Housing.			
	Work with other Miami-Dade County departments to identify grants and other funding sources to fund the Safety and Security Plan	PH3	List of safety improvements to be funded for FY 2006-2007	Identify additional funding to completed proposed phased enhancements for FY 2007 through 2009
Vacancy Reduction Initiatives	Completed repairs of 37 of 80 new vacant ready units as of 8/24/06.			
	Completed the move in of 18 families in the first week following 8/24/06.			
	Scheduled the completion of 130 units by 11/30/06			
Janitorial Services	Established Emergency Janitorial contracts for 17 developments and the creation of an invitation to bid for long term service			

Facilities Management	Submitted revisions of the Asset Management (AMP) sites to USHUD			
	Accelerated USHUD PIC revisions and reporting corrections			
	Initiated small roof repair contracts at the regional level associated with hurricane damage			
	Submitted MDHA request for elderly designation of properties occupied primarily by seniors			
Infill Housing				
New Processes and Procedures	Revision of the Infill Housing Ordinance and the development of an Administrative Order to establish consistent policies and procedures.	IHP1, IHP2	Draft of the Ordinance and Administrative Order	
	Established Affordable Housing Review Committee (AHRC)			
	Creation of a draft RFQ for the selection of qualified developers to develop the infill lots	IHP3	Draft of the Request for Qualifications (RFQ)	
	Held meeting with developers, industry representatives and related agencies that participate or have an interest in infill housing	IHP4	Copy of the agenda and a summary of the meeting minutes	
	Aggressive clearing of title liens on the infill lots			
	Revision of the County Deed to clearly define restrictions and reverter language	IHP5	Revised County Deed for Infill Properties	
	Requirement of all developers to sign a Declaration of Restrictive Covenants which specifies affordability period for all projects	IHP6	Declaration of Restrictive Covenants	
	Enhanced monitoring of project construction through a tracking system with milestones set for various stages of development			
Current Status of Bid and Conveyed Lots	Creation of a status report on all parcels conveyed through the Infill Housing Program	IHP7	Summary of Infill Lot Status/Summary by Developer	
	Initiated a process to reacquire title to undeveloped parcels			

Housing Development				
	Reestablish reporting of the Facilities Management and HOPE VI sections directly to the Interim Director of MDHA			
	Review of project budgets in coordination with OSBM, OCI and GSA			
	Coordinating the completion of hurricane roof repairs or routine roof replacements			
	Undertaking \$13 million rehabilitation and modernization projects which include construction to make 5% of all housing units compliant with uniform federal accessibility standards (UFAS)			
	Creation of an Asset Management section			
Scott-Carver Homes HOPE VI Revitalization Program	Development of a streamlined contracting process			
	Awarded a contract for the demolition of the final 314 units			Completion of demolition is expected by March 2007
	Revised the financing structure for Phase II			
	Requested an extension from USHUD for the completion of the HOPE VI project to the year 2010			
Ward Towers ALF	Evaluated the status of Ward Towers construction and identified deficiencies			
	Developed a proposed close-out strategy to complete construction			Preparation of an item for Board of County Commission action to resolve open change orders and a reduction in tax credits

Development of New Housing at Existing MDHA Sites	Actively evaluating existing MDHA owned public housing sites and vacant land for redevelopment to increase the number of units on county owned property	HD1	List of properties under review for added housing construction	
New Administration Building for MDHA	Reviewed lease agreements with Hometown Station, Ltd., in consultation with GSA, AMS and the County Manager's Office			Preparation of a revised lease agreement for the Board of County Commissioners to terminate the lease for office space and related management agreements specific to the property
	Actively seeking alternative office space either through new construction either on MDHA property or other private property; through renovation of existing spaces or erection of temporary office trailers			Any planned move must be acceptable to the VCA that MDHA make its office buildings UFAS compliant. An UFAS cost analysis must be part of any cost proposal for a new administration building.
	Creation of the RFQ for the hiring of a consultant to prepare the Affordable Housing Master Plan			
	Developing feasibility studies for the approved GOB Housing projects and in addition determining the development of additional units at the sites and the sources of funding for the additional units			
	Creation of a draft RFA to disburse GOB funds earmarked for Preservation of Affordable Housing Units and Expansion of Home Ownership			
	Submit quarterly reports to the BCC updating progress on the production of affordable housing units			
Affordable Housing Development Opportunities				
	Prepared a draft scope of services to hire a consultant to assist in the preparation of the Miami-Dade County Housing Master Plan	AHD1	Draft scope of services document	

GOB Implementation	Development of an implementation plan for the effective use of the GOB program, including project evaluation tools	AHD2	Administration of the GOB affordable housing program	
		AHD3	Guidelines for proposals for GOB affordable housing program	
		AHD4	Policies and procedures for the resale of a house or rental development financed with GOB Affordable Housing Funds	
	Developing feasibility studies for each development already listed in the GOB to maximize development opportunities			
Transit-Oriented Development	Identified with MDTA's consensus, 13 sites along Metro-Rail that can become transit-oriented-developments (TOD)			Work with MDTA to create a competitive bid process to develop the sites listed in this report
SURTAX Fund Leveraging	Reviewing two options to maximize and fast track use of Surtax funds: option 1- issue Bonds secured by Surtax revenue and option 2- create an insurance/guarantee fund capitalized with Surtax			Recommend to the Board the best option to leverage Surtax revenue
Property Valuations	Developing a program to provide adjusted property assessment valuations for unsubsidized affordable/workforce rental properties that are subject to housing regulatory agreements			Provide public notice describing potential benefits available to owners of subject properties; receive and review housing regulatory agreements and terms; make determinations on land restrictions and record in public records
Community Outreach and Participation				
Miami-Dade Community Affordable Housing Strategies Alliance (CAHSA)	Creation of the Miami-Dade Community Affordable Housing Strategies Alliance (CAHSA)	CO1	Resolution-558-06 and list of member organizations	

	Developed affordable housing initiatives relationship model	Diagram 1	Flow chart of how various work groups will interact in the CAHSA process	
	Establishment of nine committees and fast track schedule of activities	CO2	List of committees and their missions	
	Organization of the first Housing Community Summit scheduled for November 11th			
Affordable Housing Resource and Information Center	Creation of the Affordable Housing Resource and Information Center			Identify all county, state and federal information components and programs for consolidation into the Information Center
	Creation of the Affordable Housing Clearinghouse			Develop 311 training program and knowledge base for full implementation on the portal and 311
Other Community Outreach Efforts	Engaged in public appearances and Spanish and English media talk show programs	CO3	List of public meetings and talk show appearances	
	Engaged the public in a series of public meetings	CO4	Copy of the meeting flyers and a list of comments made by the public at public meetings on the affordable housing issue and MDHA	
Housing, Economic Development and Community Support Services Restructuring				
	Proposed reorganization of Miami-Dade County Departmental Activities to Maximize Service Delivery of Housing, Development and Other Community Support Services			Explore realignments among critical county service providers to improve direct housing services, development processes and planning, and home ownership opportunities

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MDHA MANAGEMENT ASSISTANCE TEAM PROGRESS REPORT

I. INTRODUCTION

This report is a follow-up to the Miami-Dade Housing Agency (MDHA or the Agency) Management Assistance Team's (MAT or the Team) Preliminary Report which was circulated to the Board of County Commissioners on July 18, 2006. Subsequent to the findings in that report, the County Manager asked Senior Advisor Cynthia W. Curry and the MDHA MAT (enhanced via additional personnel resources from various other County departments) to take over the day-to-day management of MDHA (**Attachment Intro1**). Ms. Curry and the Team have been charged with immediately addressing identified deficiencies, while continuing to perform reviews of the MDHA focus areas cited in the Preliminary Report as well as additional areas that warrant heightened management attention (see **Attachment Intro2** for prior reports).

This Report is an update regarding the various activities underway at MDHA since the issuance of the Preliminary Report. It details additional findings and observations of the Team, as well as the specific actions and initiatives that have been completed, are underway or are being planned to address issues within the Agency.

The next section, Director's Office, provides a snapshot of issues that are agency-wide. These issues are referenced in detail in multiple sections throughout the body of the report. The following sections are organized in correlation to MDHA's major divisions and provide information specific to each area. Even though the Infill Housing Program was substantially transferred to the General Services Administration (GSA), and the Development and Loan Administration (DLAD) is presently being managed by the Finance Department, these two areas are also addressed. The last section outlines a proposal for reorganizing the delivery of housing and community support services provided by Miami-Dade County. The Addendum, entitled Status of Affordable Housing Projects, recaps information referenced throughout the report in a single location for ease of reference. Supporting information and additional detail are contained in the Attachments. It should be noted that **Table 1**, incorporated as part of the Executive Summary, provides a listing of key initiatives by area.

II. DIRECTOR'S OFFICE

The last four months have been a period of transition for MDHA. During that time, the MAT has worked with MDHA staff to identify and address key management deficiencies that eroded the Agency's ability to carry out its mission. The MAT has reviewed MDHA management and programmatic trends over the past 10 years and has found that there has been a chronic recurrence of issues associated with the rehabilitation and maintenance of housing stock; resident services; inspection of housing stock; skills and competencies of employees; security and safety issues throughout housing developments; information technology investments; management of the Agency's wait list and other issues that have negatively impacted the effectiveness of MDHA and its ability to deliver desired results.

In order to immediately address many of these areas, the MAT has galvanized the talent and skills of many across the County to fill management voids. It is important to note that without the support of other County departments and other entities such as Fannie Mae and the Tampa Housing Authority, the daily improvements and efforts detailed in this report would be even more difficult to accomplish. The MAT has juggled multiple tasks of addressing the day-to-day operations of the Agency as well as responding to the many reports and requests for information. It is critical that we continue to move quickly to fill the position of MDHA Director as well as other key management positions that are currently unfilled. During the last four months, MDHA has lost five of its senior employees, all of whom were key staff supporting the day-to-day operations of the Agency, with two employees pending disciplinary actions, and one demotion. The work load of those that remain has increased significantly due to higher demands from County management and the public at large. In order to normalize operations and perform with a sense of stability, the permanent director must be on the team in order to successfully complete a major organizational and process review to determine the best MDHA organizational structure so that the Agency can move forward with new systems and re-tooled processes, policies, and procedures. In the interim, the MAT has begun the organizational review process.

The following sections will describe the status of the search for the MDHA Director, as well as briefly address various broad issues that impact the effectiveness of the Agency.

A. MDHA DIRECTOR RECRUITMENT

On June 30, 2006, Miami-Dade County procured, through a competitive procurement selection process, the services of Bennett Yarger Associates to conduct a national search for the new Director of MDHA. Bennett Yarger Associates is a national firm that was established in 1981, and has extensive experience in selecting leaders in government and non-profit organizations. Some of their past Housing Authority searches include the Executive Director for the National Association of Housing and Redevelopment Officials (NAHRO); Chief Executive Officer for the Boston Housing Authority, MA; Executive Director for the Housing Authority for the City of San Diego, CA; Assistant Housing Administrator for the Housing Authority of Bergen County, NJ;

and the Executive Director for Housing Authority for the City of Richmond, CA. Robert L. Neher, Jr., Executive Vice President is leading this endeavor for the firm.

The Director position has been prominently publicized in more than 23 websites and/or publications which target leading housing professionals. Most notably, ad placements are appearing in the National Association of Housing and Redevelopment Monitor (on-line and hard copy), the Public Housing Authorities Directors Association web site, in the Council of Large Public Housing Authorities web site, and in the International City/County Municipal Association Job Opportunities Bulletin (on-line and hard copy). Furthermore, the position has been announced in the *Miami Herald* and *New York Times*.

In concert with this broad spectrum publication effort, the firm, utilizing its expertise in this field, is aggressively networking to encourage candidates to submit their resumes for consideration. To date, 90 resumes have been received and other potential candidates are considering this opportunity but have not applied officially. The attached recruitment brochure (**Attachment DO1**) has been developed to orient candidates to Miami-Dade County and highlight the issues, opportunities and challenges of this critical position.

It is anticipated that the recruitment effort will conclude in the first week in September, and the firm will meet with the County Manager's Office the week of September 11, 2006, to discuss the candidates to be interviewed. The County Manager has appointed a screening committee of senior County executives and public and private officials. The screening committee is expected to meet the first week of October to conduct interviews. It is projected that the County Manager will make an appointment before the end of the year.

B. GENERAL OBSERVATIONS

Organizational Culture

Based on observations and interviews, the inherited organizational culture of MDHA has not encouraged a sense of urgency, proactive problem-resolution, adherence to established formalized policies and procedures, sensitivity to customer relations, and a zero-tolerance for uncommitted and ineffective employees. This culture has eroded the sense of trust and accountability that underscores strong and effective internal and external Agency communications. A "Back on Track" campaign has been launched in the Agency to spread the message of the critically important mission of providing safe and quality housing; reemphasizing each employee's role as valuable contributors to that mission; and the responsibility to uphold the public trust as the mission is fulfilled.

Procedures

MDHA has noticed multiple instances of agency-wide failure with regard to procedures. In some cases, procedures were non-existent (such as was the case with the Infill Housing Program prior to its transfer to GSA). In other cases, existing procedures were poorly conceived and did not provide adequate controls and parameters. Finally, it is evident that even when procedures were in place, there were instances where these were not uniformly applied.

Communication Disconnect

Communication inside the Agency, as well as with other County departments was ineffective. The breakdown became clearly apparent as the MAT reviewed the internal budgetary and financial processes; the Agency's Management Information Systems (MIS) protocol, as well as, the lack of coordination with other County agencies such as the Department of Human Services (DHS), ETSD, and the Finance Department.

In the interim, newly infused leadership from the MAT has helped to abate this disconnect both internally and externally. Staff, with support from other County agencies, has engaged to address management voids across the Agency. It is very important that key vacant positions in the Agency are filled to provide needed support.

Management Information Systems

The MIS section of MDHA lacked the fundamental information technology infrastructure as well as the training processes required to make the technology useful to employees and clients. The gaps in the MIS service provider continuum were enormous. The MIS, like other aspects of the Agency, seemed to work in isolation. There were no documented standard operating procedures governing budget administration, inventory control, personnel training, or system performance measures. The software and hardware components were substantially obsolete and no plan existed for applying the MIS to improve customer service.

The MAT, working with Miami-Dade County's ETSD, continues to analyze the current conditions and will soon formulate a permanent strategy to tackle this problem. In the interim, ETSD and Emphasys Solutions have been assigned to identify interim solutions and/or apply immediate fixes where possible.

Staff Training

There is a critical need for staff training in key areas. Because training has not been used as a prominent management tool to improve personnel and program performance, key areas such as information technology, customer service, and records management have encountered significant challenges. The MAT is establishing a plan to improve training and morale among employees of MDHA.

Lack of Customer Service Focus

With no coordinated approach in the Agency to address customer or client concerns on a wide spectrum of issues, many residents and other housing clients simply set protocol aside and contacted other County officials to assist in addressing their issues and concerns. The MAT also found that in some offices, there was an attitude of pervasive unfriendliness, with the first point of contact in some cases being that of an armed security guard. The use of security guards as receptionists/greeters has been discontinued and they have been returned to perform their contracted protective service tasks.

The MAT has established a customer service unit that will track all inquiries and complaints that come to the Agency, as well as to coordinate with the MDHA appropriate division. Staff is exploring quarterly newsletters to residents and a hotline for residents to report housing related concerns (this is in addition to the existing fraud hotline). Staff is also exploring a community partner program to engage the corporate and civic

community in providing support for special housing initiatives. Additionally, preliminary discussions are being held with the Government Information Office and staff from the 311 Answer Center on tracking applications. Finally, the Director's Office will host the Affordable Housing Resource and Information Center of which a major component is currently under development as a one-stop web-based housing clearinghouse that will be used in concert with the 311 Answer Center.

Records Management and Document Control

The condition of records management and document control in the Agency is poor and there is no coordination and oversight of this function. There are sites, frequently visited by clients that are inundated with files and records. As clients meet with interviewers, records are stacked on desks, floors, hallways, and other areas throughout the offices. These documents include protected and/or confidential information which presents a security risk.

The MAT is scheduled to meet with the Clerk of the Courts' records management staff to discuss file management practices to include retention schedules and the purchase of Electronic Document Management Systems equipment and software as a part of the long-term records management strategy.

Grievance Hearings

MDHA, in accordance with a variety of U. S. Housing and Urban Development (USHUD) plans and regulations, ensures that all applicants and participants receive due process when negatively affected by policy decisions. The grievance hearing process encompasses all applicant and participant activities related to the Applicant and Leasing Center (ALC), Section 8 and Public Housing programs. Due to a lack of planning and organization, it has been found that hearings for over 1,000 clients have not been held, thereby infringing on the entitlement of due process to the affected clients.

The MAT has increased the pool of hearing officers, with assignments on a rotating basis to hear and render decisions. A training manual is under development, addressing all aspects of the process, with the first training session scheduled for early October 2006 (see **Attachment DO2**).

III. FINANCE AND ADMINISTRATION

As described in the Preliminary Report, the major sources of operating funding for MDHA and their relative size in the FY2006-07 Proposed Resource Allocation Plan are federal funding (59 percent of total operating budget), proprietary funding (38 percent) including revenue related to Surtax, rental revenue and other fees, and state funding (about 3 percent), comprised primarily of State Housing Initiative Partnership (SHIP) funds and carryover. The Preliminary Report lists additional detail on MDHA funding. For reference, **Attachment FA1** provides a summary of funding for housing-related programs across County departments, **Attachment FA1a** shows affordable housing units by project and commission district, and **Attachment FA2** provides a brief description of the major programs.

The following sections highlight a number of areas that fall under the broad heading of Finance and Administration:

- Personnel
- Funding
- Transition to Asset Management
- Capital Funds Financing Program
- Management Information Systems
- Update on Major Procurement Actions
- Miami-Dade County OIG and Other Audit Activities
- Performance Metrics
- Benchmarking

A. PERSONNEL

At present, the Finance and Administration Director position is vacant, and the Acting Assistant Director has been with MDHA for only five weeks. This has created a significant knowledge void in this function which the MAT is endeavoring to address until such time as a new Director can be appointed. The Finance and Administration Division Director and Assistant Director positions were advertised in August, and the resumes are currently under review. In the interim, the MAT is also receiving technical assistance in the finance and administration area from the Tampa Housing Authority and personnel from the local USHUD office.

The MAT has also found that critical functions such as the coordination of the operating and capital budgets were not adequately staffed or managed. For instance, until recently, the Budget Unit consisted of two employees, a Special Projects Administrator 1 and an Administrative Officer 2, with most of the critical knowledge residing with one of these individuals. These employees were responsible for complying with both the USHUD and Miami-Dade County reporting requirements; requiring the use of different tools and different reporting formats.

The capital budget function was also disjointed. The data on capital projects was being tracked by staff in the Compliance Division. Each MDHA division submitted their capital

budget to Compliance with little or no oversight by Finance and Administration. This lack of communication and coordination sometimes lead to internal disputes with regard to the disposition of capital dollars. The MAT is moving to re-allocate resources internally to strengthen budgeting functions. The capital budget function will be transferred to the Budget Unit under Finance and Administration, where the operational budget is managed.

Throughout MDHA there are instances of staffing shortages in some divisions and staffing overages in others. There are instances where the skill sets of employees do not match the job requirements. Correcting these issues requires a comprehensive review of the entire table of organization to assess the most efficient and effective allocation of personnel. Organizational changes will be made within the context of the parameters set forth by USHUD for future funding (discussed in sections on Federal Funding and Transition to Asset Management). Though some changes to the Table of Organization have already begun, it is anticipated that this review will not be completed until the second quarter of FY 2006-07, and that implementation of the new structure will take through the end of the fiscal year.

B. FUNDING

Federal Funding

Over the last several years, federal funding reductions have had a negative impact on MDHA programs (funding was reduced from \$27.3 million in FY2001-02 to \$24.8 million projected for FY2005-06). The FY 2006-07 Proposed Resource Allocation Plan assumed that the Public Housing Subsidy, which is determined by the U.S. Congress and USHUD on a calendar year (CY) basis, would be funded at \$25.808 million or 92 percent of anticipated program costs (base subsidy) initially awarded for the current calendar year. Final determination of the funding level for CY 2007 depends on Congressional approval, which is still pending (the Board will be advised as soon as the information becomes available). However, considering that CY 2005-06 funding has recently been decreased to 85.5 percent (effective July 1, 2006), it is unlikely that Congress will recommend a higher subsidy for next year. As of CY 2007, USHUD is also changing the methodology for determining the amount of subsidy granted to each public housing agency. The net financial impact on MDHA is unknown at this time; in part because the overall USHUD 2007 appropriation for public housing has not yet been determined, and in part because the impact of the new formula is not yet known. Given these circumstances, staff recommends waiting until the federal funding level is determined later this fall and addressing any funding shortfall in the FY 2006-07 mid-year amendment.

Additional Support Requested

There are a number of initiatives recommended by the MAT. Some have been included in the County Manager's 2006-07 Proposed Resource Allocation Plan or the September 7th Change Memo. A summary of all items recommended for funding is provided below in Table 2.

Table 2. MDHA Additional Funding Requests FY 2006-07

Funding Request	Dollar Amount	Funding Source	Comment
Janitorial Contract	500,000	Public Housing Subsidy	Maintenance services for public housing sites. Funding to be provided by the MDHA Public Housing Operating Subsidy; outstanding expenditures that cannot be covered by the operating subsidy will be addressed in the FY 06-07 mid-year amendment.
Public Safety and Security Upgrades	4,800,000	Financing	Additional video cameras, lighting, fencing, and security personnel at public housing sites. County Manager has recommended that \$580,000 from the Capital Outlay Reserve (COR) be allocated to fund the first year of debt service obligation on \$4.8 million in financing proceeds.
Comprehensive Modernization	5,200,000	CDBG	398 vacant public housing units that need substantial rehabilitation can be made ready by the end of FY 2006-07. \$2 million in CFP funds have been identified for project. Total cost is \$7.2 million. County Manager's recommendation is to redirect \$5.202 million of the Community Development Block Grant funding to eligible housing activities.
Rental Housing Assistance Program	5,000,000	General Fund	Funding is proposed to be used for security deposits, utility hook-up deposits, and moving expenses to expedite the move-in of applicants to Public Housing and Section 8 units. Assistance is targeted to extremely low income families. County Manager has recommended an allocation of \$5 million to be held in reserve until the program is fully developed and ready for implementation.
TOTAL	\$15,550,000		

Unidentified Funding Source

Funding Request	Dollar Amount	Funding Source	Comment
Affordable Housing Master Plan	TBD	TBD	Comprehensive strategic and physical plan for the development and implementation of affordable/workforce housing. It is recommended that funding be provided by the County's General Fund.
Management Information Systems (MIS)	TBD	TBD	Housing has limited funding for MIS improvements, however this remains a significant source of the Agency's inefficiencies; ETSD is working with MDHA to identify all IT needs for the department which may include additional positions in the MIS area and necessary IT upgrades.

Table 2 (cont'd). Unidentified Funding Source

Dollar Amount	Dollar Amount	Dollar Amount	Dollar Amount
Section 8 Moderate Rehabilitation Program	TBD	TBD	The current program provides rental subsidies for project based assistance plus subsidy for debt service and rehabilitation costs borne by Moderate Rehabilitation owners for 15 years. These contracts are expiring and will result in affordable units coming offline. An incentive program is being proposed to encourage owners of Moderate Rehabilitation developments to keep the properties affordable to very low income families for a period of time. Program will include rehabilitation funding, relocation costs, and operating cost assistance. It is recommended that Surtax revenues be allocated for capital renovation work. \$150,000 in CDBG funds is being set aside to cover relocation needs.
Ward Towers	Up to 2,600,000	TBD	Project close-out for Ward Towers. Costs include \$800,000 for final construction payment (included in the construction contract); \$900,000 for disputed change orders (final value to be negotiated); and \$900,000 for reduction in tax credits due to time delays. Funding for this request has not been identified.

Potential Impact of DLAD Transfer

Though it is currently being operated by the Finance Department, DLAD, the division that administers Surtax and SHIP homeownership and development loans will remain in MDHA's Table of Organization and budget until such time as a final determination is made regarding its ultimate location. Under the current budget structure, MDHA general and administrative expenses (including all central office functions such as the Director's Office, Compliance, and Finance and Administration) are allocated across its three major areas of operation: Public Housing, Private Rental Housing, and DLAD. Thus DLAD is funding approximately \$2 million in salaries for central office personnel (including a share of salary expense for the Director's Office, Finance and Administration, Quality Assurance and Compliance). If the decision is made to move Surtax operations out of MDHA, DLAD's contribution to overhead will be discontinued. The MAT is analyzing the new USHUD funding rules being implemented as of CY 2007 (see section on Transition to Asset Management) to determine the potential impact of such a move.

Alternative Funding

Identifying viable sources of alternative funding to address revenue shortfalls or service gaps does not appear to have been a focus of MDHA over last the few years. As certain sources of grant funds (such as the Drug Elimination Grants) have been discontinued or eliminated, MDHA has not been proactive in identifying new grant sources or partnering with other County agencies/departments to fill in the resulting gaps, particularly in the area of supportive services. The MAT has determined that there is a need for a full-time grant writer/coordinator at MDHA whose primary focus is to identify and process funding applications, secure grant funding, and oversee disbursement. This need will be addressed in the context of the overall review of the

table of organization. In the meantime, the MAT is receiving additional support in this area from the Grant and Revenue Maximization Division of the Office of Strategic Business Management (OSBM).

C. TRANSITION TO ASSET MANAGEMENT

Beginning in CY 2007, USHUD will be implementing the Asset Management methodology for determining the level of subsidy/funding for public housing programs. On September 6th, USHUD issued a notice implementing asset management guidelines for Section 8 and Capital Fund programs as well. The new funding method for public housing is based on the operating costs of each project/site as opposed to funding based on the overall operating costs of running the public housing program agency-wide. Each project/site will be responsible for electronically submitting a subsidy form containing information on occupancy, utilities, and add-ons. *The transition to Asset Management will require extensive operational, managerial and financial changes at MDHA.*

Under Asset Management, all public housing authorities are required to organize their sites into Asset Management Projects (AMPs) for financial reporting purposes. Starting in 2007, all public housing authorities must prepare a budget and track financial and operational performance at the AMP level, not program-wide. MDHA submitted their AMP groupings by USHUD's February 2006 deadline. However, the proposed AMPs were not optimized to take full advantage of the opportunities presented under the new funding methodology. The subsidy granted to each site for direct operating expenses will be a function of a number of variables. Each project/site will be restricted to the amount of administrative overhead or "management fee" it can use for the support of central or administrative operations. Consequently, MDHA will be required to redeploy some staff currently working at the central and/or regional level to project sites while increasing project/site staff in order to operate within USHUD funding limits. Despite these measures, the MAT believes that overall staff levels will have to be reduced. In addition, job descriptions for several classifications will be revised and internal managerial and financial processes must be re-examined and aligned with this new methodology.

With the guidance of senior staff from the Tampa Housing Authority, the MDHA has restructured its AMPs and re-submitted them to USHUD. If approved, MDHA will have 15 AMPs (down from 34 in the original submission), more flexibility to make financial and management changes during the critical transition period and up to \$1.2 million in potential revenue that would not have been realized under the initial AMP groupings. The Tampa Housing Authority has worked closely with USHUD on their Asset Management initiative and has, over the last several years, successfully restructured their Authority to enable it to operate effectively under the Asset Management model. **Attachment FA3** contains a copy of MDHA's Memorandum of Understanding (MOU) with the Tampa Housing Authority. It should be noted that the MOU also covers technical assistance related to the Scott/Carver Homes HOPE VI Revitalization Program (HOPE VI). Over the coming weeks, the MAT will continue to work with the Tampa Housing Authority to evaluate the need for changes to MDHA's overall operations, procedures, and table of organization in order to successfully implement Asset Management methodology.

D. CAPITAL FUNDS FINANCING PROGRAM

As a result of changes made to the federal housing laws in 1997, USHUD has provided a mechanism whereby public housing agencies can issue bonds backed by federal grant received under the Capital Fund Financing Program (CFFP) to raise significant amounts of capital funds for renovation and modernization of public housing, provided no more than 33 percent of the capital fund grant is pledged to the repayment of the debt.

MDHA currently has more than \$90 million in capital needs. Under the CFFP, a public housing agency such as MDHA, with written USHUD approval, may borrow capital through the issuance of bonds to make improvements to its public housing stock and pledge a portion of its future year annual capital funds grant to make debt service payments. The obligation is subject to the availability of appropriations by Congress. The CFFP could generate up to \$45 million in funding that will be used to address a variety of MDHA's capital needs. Formal approval by the Board of County Commissioners is required prior to issuance of the bonds.

E. MANAGEMENT INFORMATION SYSTEMS

The ETSD staff was tasked with conducting a more detailed assessment of the information systems in use and the management controls applied. Additionally, due to the resignation of two senior MIS employees a few months ago leaving only three entry-level personnel remaining to support the operation, the ETSD Deputy Director is temporarily managing the MIS Section until a more acceptable service delivery model can be implemented and qualified candidates are hired to fill the current vacancies.

During the past 30 days, review of the MDHA MIS operation has been ongoing and is continuing as necessary to formulate an educated, progressive strategy. Explicit findings, actions to date, and action plans through January are referenced in **Attachment FA4** of this report.

Overall, the findings to date are disturbing. The MIS Section lacks fundamental information technology management disciplines. No evidence of planning, documented standard operating procedures, problem management, budget administration, inventory control, trained personnel, professional development, or performance measurement was found. Furthermore, substantial obsolescence and deficiencies within the infrastructure, network and applications exists. Moreover, the MIS function has been under the purview of the Finance and Administration Division. This reporting relationship often erodes the potential for leveraging strategic innovations across the enterprise. The MIS organizational placement must be evaluated as part of the MDHA organizational analysis and recommended restructure needed to streamline business operations and service delivery. Finally, customer service best practices have not been applied, negatively impacting computer users and productivity throughout the department.

Since assuming management responsibility for the MDHA MIS Section, communication with the remaining MIS staff has been positive and open. The staff has been

cooperative and responsive. They are also being coached through a paradigm shift to provide professional MIS services and improvement in customer service.

Subject matter experts from ETSD as well as the Emphasys Corporation have been working since July 31st to identify problems and to subsequently develop action plans, identify interim solutions and/or apply immediate fixes where needed.

Emphasys contractors are engaged through January to resolve current problems with the primary production system known as Emphasys Computer Systems (ECS) LIB. They are also tasked to improve some of the more critical report deficiencies, to train system users to more efficiently process work through the system, to share basic application knowledge with the remaining MIS staff, and to make suggestions regarding changes needed in business practices to improve transaction processing and data integrity. Additionally, programming modifications have been made to the system during the past several years. Because these modifications were not sufficiently documented and limited expertise exists on this older technology, it will take Emphasys contractors longer than typically expected to identify and solve problems resulting in a more protracted timeline for applying corrections. Weekly reviews are being conducted to assess the Contractors progress and to alter priorities as necessary.

MAT members have been meeting with MDHA's Finance and Administration staff to learn the revenue allocation and utilization rules applied in covering MIS expenses across the various business functions. A segregated MIS Cost Center Budget does not exist within the MDHA Budget. ETSD staff is developing a proposed FY 2006-07 MIS budget for MDHA. This proposed budget must reflect costs that will include funding needed for ETSD to permanently manage the MDHA computer and telephony infrastructure through a fee for service agreement, the new equipment that must be procured to run the upgraded Elite System, the recommended staffing levels to provide ongoing MIS application support services, and approved project initiatives deemed necessary to facilitate MDHA operational and service delivery improvements. Several weeks are required before costs will be defined for these areas of concern. Additional funding will be needed in excess of the previously submitted FY2006-07 MDHA Budget amount. The increase will be addressed as part of the FY 2006-07 mid-year amendment.

Other actions taken to date include the following:

- Started documenting standard operating procedures for data center operations, system and data backup processes, and for emergency preparation and recovery operations with the help of a loaned ETSD Senior Project Manager with expected completion by November 1.
- Created a secure database application which is currently being tested to track Surtax projects for the DLAD with expected production use by September 30th.
- Assessed current MIS Section staffing level and have recommended more appropriate organization structure and associated technical classifications.
- Investigated and working to resolve MDHA outstanding payables to ETSD for computer and phone services which may total up to \$4 million dollars. Reconciliation and resolution is expected by September 30, 2006.
- Engaged ETSD to expedite the installation of additional phone and computer services to facilitate opening of the ALC Annex.
- Ensured MAT members were provided with computer and telephone services necessary to maximize productivity for fact finding, problem solving, and taking corrective actions.
- Removed obsolete and/or broken equipment that was being improperly stored within the MDHA Computer Room and delivered it to GSA's Warehouse for appropriate surplus disposal.
- Started the planning and design of the new Housing Clearinghouse Portal through contract services of the Government Information Center Department Online Services Unit. Phase 1 debut is expected by November 1.
- Started implementing DSL higher speed communications connectivity at Public Housing remote site property management locations. Action plans are being developed for the remaining sites.

F. UPDATE ON MAJOR PROCUREMENT ACTIONS

Since late July, the MAT has worked with the Department of Procurement Management and MDHA to expedite a number of procurement actions that address important issues and needs. The following is a list of basic information on these procurements and their current status:

- **Property Management Services (EPP- RFP 534)** – The scope deals with the rehabilitation of vacant units. Pre-proposal meeting was held on 8/28/06; site visits will conclude on 9/8/06; proposals are due by 9/19/06; this RFP is currently under the Cone of Silence; the evaluation and awardee(s) selection process will conclude by 9/30/06; projected to award by 10/31/06
- **Management Consulting Services (EPP- RFQ 92)** – Pre-proposal meeting was held on 8/24/06; proposals were due on 9/5/06; proposers will conduct organizational and management studies on a work order basis; this RFQ is currently under the Cone of Silence; projected award by 10/15/06

- **Rent Reasonableness and Flat Rent Comparability Study (RFP number not assigned)** – Scope is still being finalized as of 9/1/06; projected to award by 10/31/06
- **Janitorial Services (EPP- RFP 8115-1/08)** – Site visits will conclude on 9/8/06; proposals are due by 9/13/06; bid opening will take place on 9/13/06; this RFP is currently under the Cone of Silence; projected to award by 10/31/06
- **Survey and Certifier Service for Uniform Federal Accessibility Standards (RFP 527)** – Evaluation kick-off meeting held on 8/7/06; change to evaluation selection committee requested on 8/10/06; proposal review and preliminary scoring will take place on 9/7/06; this RFP is currently under the Cone of Silence; projected to award by 10/31/06

G. MIAMI-DADE OIG AND OTHER AUDIT ACTIVITIES

At the request of the County Manager, a Miami-Dade County Office of the Inspector General (OIG) satellite office was established at the MDHA's Central Office to receive calls from staff and the general public. Calls are confidential and all information received is processed by the OIG. OIG Hotline signs have been posted throughout County buildings as well as at public housing sites. The telephone number for the OIG Hotline is 305-644-5300.

Because MDHA is categorized as an extra large housing agency, USHUD audits key aspects of MDHA's federally funded programs each year. In addition, MDHA has an external audit performed annually as part of the County's single audit and the Quality Assurance and Compliance Division performs a number of programmatic audits each year and quality assurance reviews monthly. **Attachment FA5** is a listing of audit activities on record at MDHA since 1986.

The following is a list of the audit and other investigative activities involving MDHA that are currently underway:

- Miami-Dade County OIG – various ongoing reviews
- USHUD Office of Assistant Secretary, Washington Headquarters - being conducted under contract with the Deloitte Financial Advisory Services Forensic Audit Team
- Office of the State Attorney – Public Corruption Unit
- Miami-Dade County's Audit and Management Services audit of the MDHA Development Corporation
- Miami-Dade Police Department Public Corruption Bureau - ongoing criminal investigations
- DLAD Audit - in negotiations with independent audit firm over scope and terms
- The USHUD local area office conducted an audit on MDHA's Shelter Plus Care program. At this time we are awaiting an exit meeting and report.

- The USHUD local area office contracted for a RIM (Rental Integrity Monitoring) re-review of MDHA's Public Housing and Section 8 programs in June 2006. MDHA has received a report and is preparing a response due October 1, 2006.
- The USHUD local area office conducted a verification of the annual SEMAP (Section 8 Management Assessment Program). A response was submitted to USHUD in June, 2006. The corrected files are due on September 15th.
- The USHUD Office of Inspector General local office conducted an overhousing audit. MDHA is awaiting issuance of the final report.

H. PERFORMANCE METRICS

In an effort to ensure that the MDHA focused on “results that matter,” the County Manager ordered a complete revision of the Agency’s performance metrics. A scan of the original scorecard for MDHA showed an emphasis on day-to-day operations, not results. Given the aggressive timeline for the redesign effort, the MAT requested that the Management Planning and Strategy (MPS) division of OSBM provide a heightened level of technical and project support.

After the creation of an initial draft, MPS facilitated a discussion with the MAT and key MDHA personnel. They agreed upon the following scope:

- MDHA would use the MPS draft as a basis for determining results that matter to the community.
- Every MDHA division would meet to determine how its activity supports the department’s results and develop its own set of metrics. These would support both the community results of the department and provide data for managing the division’s own day-to-day operations.
- All major projects, such as Hope VI and the Transition to Asset-Based Management, would be tracked individually.

Over the past four weeks, MPS has worked with all MDHA divisions, including the Infill Housing Unit, now part of the Real Estate section of GSA, and DLAD currently under the auspices of the Finance Department.

First drafts of both department and division metrics are now complete. Major projects are being tracked at both the department and division level. The MDHA department metrics focus on community results, including but not limited to:

- number of eligible families moved into affordable housing,
- number of new affordable housing units completed,
- number of substandard affordable housing units rehabilitated, and
- number of new affordable housing units under construction.

The division metrics support these measures and provide detail for divisional performance in the areas of: public housing occupancy rate, private rental housing lease-up rate, and ratio of housing offers made to housing offers accepted, among others.

The draft scorecard is undergoing final revisions. Once approved by the MDHA Interim Director and the County Manager it will replace the original scorecard. Moving forward, three critical activities must continue. First, the divisions need to populate all measures, so that data are available for analysis. Second, MDHA must focus on these metrics during the Monthly and Quarterly Business Reviews to ensure that department activity is achieving the desired community results. Third, MDHA must continually update measures and projects, to ensure that the system of metrics remains relevant and accurate.

I. BEST PRACTICES REVIEW

Since late July when the MAT took on an expanded role at MDHA, the Team's focus has been on managing the daily operations of the Agency, addressing critical issues and deficiencies requiring immediate attention, and responding to information requests from the County Manager's Office, the Board of County Commissioners, state and federal legislators, USHUD (Washington, DC office), community stakeholders and the media. As a result, the MAT has not had the opportunity to engage in certain strategic activities such as benchmarking and a more in-depth review of housing agency best practices nationwide. Over the coming months, the MAT will focus more on these activities. This section provides a brief synopsis of some general information obtained thus far.

MDHA is one of nine housing agencies that are classified as Extra Large by USHUD, based on the overall number of units of Public Housing and Section 8 vouchers managed. Table 3 provides a snapshot of the Extra Large agencies. The MDHA is also among the 5 percent of housing agencies nationwide that are part of a local government, with 95 percent structured as independent authorities. The relative size of MDHA, the current scope of operations, and the added complexities of MDHA's dual identity as a housing agency and as a department of County government are a few of the key factors that make it difficult to draw apples-to-apples comparisons with housing agencies in other jurisdictions.

Table 3. Size Ranking of Extra Large Public Housing Agencies

	Units	Program Ranking	Total Combined Units	Overall Ranking
New York (Authority)				
Public Housing	160,496	1	259,401	1
Section 8	98,905	1		
Chicago (Authority)				
Public Housing	28,016	3	75,572	2
Section 8	47,556	2		
Puerto Rico (Government)				
Public Housing	56,524	2	56,524	3
Philadelphia (Authority)				
Public Housing	16,855	4	35,149	4
Section 8	18,294	3		
Baltimore (Hybrid)				
Public Housing	14,456	5	30,564	5
Section 8	16,108	4		
MDHA (Government)				
Public Housing	10,531	8	26,616	6
Section 8	16,085	5		
Atlanta (Authority)				
Public Housing	10,648	7	25,216	7
Section 8	14,568	6		
Cuyahoga/Cleveland (Authority)				
Public Housing	10,222	9	24,479	8
Section 8	14,257	7		
Boston (Authority)				
Public Housing	11,836	6	23,457	9
Section 8	11,621	8		

Source: USHUD website

In a memorandum dated August 24, 2006, Chairman Joe A. Martinez requested that the County Manager provide comparative data on model projects that currently exist in Jacksonville and Atlanta. The Tampa Housing Authority has also provided MDHA with additional information about their model projects. County staff will be meeting with representatives from the Jacksonville and Atlanta Housing Authorities within the next 30 days. Furthermore, staff has determined from research that, in addition to the positive reputation held by both Jacksonville and Atlanta in the public housing industry, these authorities have model programs in the areas of Infill and public/private housing development partnerships. The MAT will review best practices from these and other public housing authorities and determine the feasibility of adopting them in Miami-Dade County. **Attachment FA6** contains some initial observations and a chart comparing some of the key features of the Jacksonville, Atlanta and Tampa agencies with those of MDHA.

IV. DEVELOPMENT AND LOAN ADMINISTRATION

DLAD is responsible for managing the funds awarded by the Board of County Commissioners, principally from Surtax and SHIP, to provide affordable housing to the residents of Miami-Dade County. The large majority of DLAD funds are generated by the Surtax assessed on all transfers of commercial property (\$0.45 for every \$100.00 of value transferred).

The July 2006 Preliminary Report by the MAT found a lack of internal controls over the funds administered by DLAD. As a result of these deficiencies, the program was not effectively managed

Once the Preliminary Report was released and the extent of the mismanagement became apparent, the County Manager placed the day-to-day operations of the program under the supervision and oversight of the Finance Director. Immediate steps were taken to secure control of DLAD by utilizing Finance Department and Department of Business Development (DBD) staff with expertise in banking, collections, commercial lending, project management, performance improvement, contract monitoring and compliance. The Director of the Fannie Mae South Florida Community Business Center is providing banking and business expertise.

The departure of DLAD senior management in July 2006 left the MAT not only with the responsibility of reviewing and recommending improvements to existing processes and internal controls, and implementing effective new measures, but also with managing daily operations. A reorganization of the functions administered by DLAD is discussed in the Housing Program Reorganization section of this report.

In order to immediately address the findings in the Preliminary Report regarding the deficiencies in the computer and information systems, the MAT worked with the County's ETSD to design a new system to manage open contracts and projects. The system is currently in the testing stage and is projected to come on line by the end of September. Once operational, standard reports will be developed and inquiries from all sources can be quickly addressed.

Additionally, ETSD will be conducting a gap analysis for addressing DLAD information needs. This review is expected to begin in October and be completed by December 1.

The following sections highlight the areas of reviewed by the MAT and the progress made to date.

A. SURTAX FORENSIC AUDIT

In the Preliminary Report, it was stated the County was in negotiations with Sharpton, Brunson and Co., P.A. (Sharpton) to perform 'certain agreed upon procedures review' of the Surtax Program. Because Sharpton was the auditor of record for MDHA, in an abundance of caution, it was decided it would be more appropriate to negotiate with an audit firm other than Sharpton to conduct a forensic review of the Agency's use of the Surtax funds. Final negotiations with KPMG have concluded and the forensic review began on September 13, 2006. Although MDHA has an annual financial audit, an in-depth compliance audit specific to Surtax has not been conducted in over five years.

B. AFFORDABLE HOUSING HOMEOWNERSHIP LOAN PROGRAM

In the last five years, DLAD in coordination with the banking community, processed approximately 1,800 second mortgage homeownership loans totaling \$67.3 million. A review of prior practices revealed that the previous DLAD administration made exceptions to existing written guidelines to the extent that the practice of granting exceptions became the adopted course of business with the lending community. The MAT has subsequently reinstated the homeownership loan program to operate in accordance with adopted written guidelines. Industry meetings are taking place to review the guidelines and revise them as necessary to streamline the homebuyer process. A list of the participating Banking professionals and their institutions is attached to this report (**Attachment DLAD1**).

A Loan Review Committee for homeownership loans was established with two members from the banking community and three members from the County. The Director of the Fannie Mae South Florida Community Business Center, on loan to the MAT, is an advisor to the Committee. The Committee is meeting monthly to assist DLAD with loans that are problematic. Previously, these issues were decided at the line staff level. The Committee will be reviewing currently established guidelines and comparing them with industry standards. An additional responsibility of the Loan Review Committee includes serving as an appeal committee for developers whose contracts have been terminated at the staff level, or who are requesting more than one contract extension.

C. CONSTRUCTION LOANS AND OPEN COMMITMENTS

One of the first initiatives undertaken by the team was a review of more than 380 active developer project files. It was discovered that each project had multiple files (loan servicing, construction, and correspondence) located throughout various offices. A master file was compiled for each loan, consolidating all documents and records. Additionally, key information for each loan was consolidated into a master spreadsheet. The compiled information was then reconciled with information found in the Financial Accounting and Management Information System (FAMIS). The MAT also found previously established interest rates and repayment terms being applied inconsistently. To address this inconsistency, guidelines for loan terms and conditions are being developed.

Of critical importance to the management of the Surtax program was the determination of our current financial commitments for open, incomplete projects. Currently, this data resides in several separate databases making it difficult to manage and analyze. The MAT worked with the County's ETSD to design a new system that consolidates this data and provides for a useful management tool. The initial version of this system is currently being tested by staff.

Attachment DLAD2 to this report details outstanding Surtax and SHIP commitments and includes funds allocated and drawn, status of construction, type of development, and length of time the projects have been funded. The data is summarized in Table 4 below.

Table 4. Summary of Open Commitments

Status	Surtax	SHIP	Total
Total Award	\$104 million*	\$4.4 million	\$108.4 million
Funds Disbursed	\$27.9 million	\$1.4 million	\$29.3 million
Projects	74	5***	77**
Affordable Units	5,197	126***	5,331
• Rental	4,631	92	4,631
• Homeownership	566	34	600
Supplemental Funding Awarded:			
• Projects	16	2	18
• Amount	\$18.7 million	-	\$18.7 million

* Includes non-development projects, such as homebuyer counseling, revolving loan funds and No Blue Roof contract.

** 25 projects have been awarded Low Income Housing Tax Credits by the Florida Housing Finance Corporation.

*** Two projects received both Surtax and SHIP funding.

**** 92 units received both Surtax and SHIP funding.

To ensure that the information recorded was accurate, site visits were performed to assess the status of construction of each development, and the status was documented by photos. Approximately 41 percent of open projects that received funding commitments prior to the 2006 RFA allocation have not begun construction. Some of these projects will be cancelled and funds recaptured. The MAT has developed additional controls to include:

- No more than one extension of time may be recommended at the staff level
- Standardization of time frames within multiple documents for the same development
- Strict adherence to contract time frames including the 90 day period for contract execution
- Delay contract start date for those developments pending tax credits
- The failure to obtain tax credits will result in immediate review by the County to determine the future project viability
- The new loan review committee (described previously) will also serve as an appeal forum for cancelled or terminated contracts.

Non-performing developers are currently under critical review and will be notified by staff of the disposition of their project funding and their right to appeal before the Loan

Review Committee. Upon the Loan Review Committee's recommendation, final decisions will be made by the Department Director with a report to the Board of County Commissioners. **Attachment DLAD3** details the nine projects under critical review. Projects of the MDHA Development Corporation are also under critical review, including involvement from the County Attorney's Office and the Audit and Management Services Department.

D. RFA PROCESS

The 2006 RFA applications were submitted in mid-August pursuant to the County's publicly advertised process. Discussions with the County Attorney's Office have led staff to conclude that proposals would be reviewed based on the advertised scoring criteria. However, in January 2007, preparations for the FY07-08 Surtax RFA will commence. At that point, improved criteria and evaluation tools will be added to the RFA to include, but not be limited to:

- Past performance of the developer
- Viability of the development
- Readiness to proceed
- Tax credit information
- Previous funding amounts and status of construction (if applicable)
- A credit underwriting review, partnering as appropriate with providers used by the Florida Housing Finance Corporation (FHFC)
- Management plan
- Standardized language implementing penalties and sanctions within the Affordable Housing Contract
- Standardized language requiring adherence to strict timelines within the Affordable Housing Contract
- Emphasis on funding hard construction costs, not pre-development costs

Using the above criteria will allow the County to fund projects with a higher potential of success. Under the current RFA funding cycle, close to one-third of the funded projects are resulting in either cancellation or recapture. After meeting with key staff from the FHFC, the MAT concluded that the inclusion of selected criteria from the State's Universal Application would be an improvement to the County's current application requirements. **Attachment DLAD4** contains a draft of the revised guidelines.

In the past, projects have been cancelled due to increased construction costs, loss of or inability to receive tax credits, or environmental or permitting issues. While Surtax funding can be reallocated from cancelled developments to other projects, this delays the production of affordable housing. Staff is working with the County Attorney's Office on a process to permit other interested developers to "buy-out" stalled projects in order to avoid additional delays and the eventual cancellation of the project. This element would be included in the affordable housing contract with the developer. It is expected

that by implementing the new criteria, new affordable housing units should be produced at a more expeditious rate.

E. FIVE-YEAR PRO FORMA FOR SURTAX FUNDS

In order to maximize the deployment of Surtax dollars while ensuring that adequate reserves are available to meet existing outstanding commitments, a five-year pro forma has been developed. The MAT worked with the Finance Department and an independent consulting firm, Public Resources Advisory Group (PRAG) to analyze historical program cash flows for Surtax.

The MAT worked with the Finance Department and an independent consulting firm, PRAG, to analyze the historical cash flows of the Surtax program. Because of the dynamic nature of commitments and available cash, the financial consultant team with assistance from County staff developed a financial model showing actual and projected Surtax fund utilization through the year 2011. The financial model relies on historical data of past revenues, expenditures and outstanding commitments. The attached report further describes the model and its underlying assumptions (**DLAD5, DLAD5a and DLAD5b**).

Utilization of the model will help staff ensure that sufficient funds are kept on hand to meet projected draw requests for outstanding commitments while putting the maximum amount of available Surtax dollars to work to generate new affordable units and homeownership loans. The model will also assist staff in monitoring program compliance with State statutes and County ordinances. The model provides a starting point from which the goals of improving program reliability and reporting can begin. Staff will increase the reporting of the status of projects, disbursements of funds and available cash in the Surtax program to the Board of County Commissioners and the public through an updated pro forma annually.

F. ALLOCATION OF SURTAX AND FEDERAL HOUSING CREDITS

It is important to understand the Low Income Housing Tax Credit (LIHTC) program and its relationship to the Surtax program and RFA process. Many of the applicants for Surtax funding for rental developments apply to the FHFC for an allocation of Housing Credits. Under the Housing Credit Program, developers sell an equity interest in the development to a for-profit, tax-paying corporation (the "Housing Credit" purchaser). The cash equity paid by the Housing Credit purchaser provides the developer with an additional source of revenue to pay project costs. The Housing Credit purchaser receives a dollar for dollar reduction against their federal tax liability in exchange for the acquisition and rehabilitation, substantial rehabilitation, or new construction of rental housing units for very low and low income families. The Housing Credits are received for ten consecutive years from the time the development is placed in service.

The federal Housing Credit (HC) program was created in 1986. FHFC is the managing entity for Florida's HC program and is responsible for allocating HCs to eligible developments.

In order to be eligible for Housing Credits, a development must set aside a minimum percentage of the total units for eligible low or very low-income residents for the duration of the compliance period. The current FHFC rule requires a minimum compliance period of 50 years.

Rents for Housing Credit units are restricted to thresholds set by the U.S. Department of Treasury in order to ensure that units are affordable to eligible families. Most of the proposed developments can support only a small amount of conventional, market priced debt. Thus, the pairing of Surtax funds with the Housing Credit Program is the most viable means to develop affordable rental projects, and in many cases is the only way to develop a rental project for low-income families. This is especially true given recent increases in the cost of construction, land, insurance and utilities. These increases on the cost and expense side have not been matched by increases in restricted rents. In most cases, developers cannot pass on increased operating costs to their renters because the rental rates are restricted by law.

FHFC uses a highly competitive process for awarding Housing Credits. Though the timeline can vary from year to year, applications are usually due in February, and allocations are awarded in August-September. Prior to 2006, all Housing Credit applicants needed to demonstrate local government support by providing evidence of a local government contribution. Surtax funding was often used to meet this requirement. For the 2006 cycle, Miami-Dade applicants did not need to demonstrate local government support to be competitive in the Housing Credit cycle. However, applicants do need to structure their financing so that the transaction is financially viable. Surtax funds are used for that purpose.

Thus, many developers applying for Housing Credits also apply for Surtax funds and rely on both sources to produce a viable project. Because of the timing of the Housing Credit process, developers usually apply for Surtax funds through the RFA process in the calendar year prior to the Housing Credit cycle. At this point of the development process, plans are not fully developed and cost information is not firm. As such, developers apply for the minimum governmental assistance needed to be competitive at the State level, and expect to request additional funds at a later time. In the past, many of the additional requests were made directly to DLAD administration and avoided the public RFA process for second round gap funding.

In many cases, developers were awarded Surtax funds but failed to receive an allocation of Housing Credits. Without Housing Credits some of these developments were not financially viable. In order to bring the Surtax funding process in line with the Housing Credit process at FHFC, and thus increase the likelihood of Miami-Dade developments receiving Housing Credits, the following changes are being implemented:

- Each application for Surtax funds in connection with a Housing Credit application will be reviewed by one of the three third party underwriters used by FHFC. Underwriting by third party underwriters will allow the County to be more efficient and remove administrative discretion that might potentially lead to favoritism.
- Developers will not be able to go directly to DLAD administration for additional funds. A defined process for gap financing will assure consistency and transparency in the allocation process of Surtax funding.

- Third party underwriters could be utilized as disbursement agents.
- In addition, a second round RFA established to be aligned with the timing of the HC process will help the County get more units built with the least Surtax funds required.

G. DEVELOPER LOAN PROCESS

Attachment DLAD6 contains a summary of the current developer loan process. It addresses the critical steps from advertisement to Board award and ends with the payment process. **Attachment DLAD6a** highlights some of the proposed changes to the 2007 RFA process.

H. REVIEW OF PAST PAYMENT PRACTICES

While questions throughout this process have been, “How did this happen?” and “What steps must be taken in order to prevent a similar occurrence?”, the payment process reviewed by MAT shows a fairly rigorous series of checks and balances, including the following:

- When a loan is closed, a mortgage is recorded;
- The developer commences construction;
- DLAD loan officers review funding draw requests and ensure necessary documents are attached. These documents include standard AIA progress reports, general contractor contracts, insurance forms, receipts, etc.
- The DLAD construction manager conducts a site visit to confirm construction status for every draw request;
- DLAD division director approves draw request and submits it to MDHA's Accounting Office;
- MDHA Accounting reviews the draw request and forwards it to the County's Finance Department;
- Finance Department processes the draw request upon signature of authorized departmental representative and cuts a check;
- Check is picked up by MDHA Accounting Office;
- Developer signs for and picks up check.

The MAT has reviewed the disbursement of funds and found that the Fannie Mae Line of Credit recipients, the MDHA Development Corporation, and certain Surtax developers, including Riverside Homes received funds without starting construction. These developers were paid without MDHA following established procedures and issued payments without mortgage notes being executed, construction commencing or when work was not completed. These developers were paid in anticipation of work rather than through the reimbursement process. There was a change in policy by former MDHA administration that allowed developers to be reimbursed for planning-related expenses

that did not require documentation of construction progress, instead of paying exclusively for hard costs.

It is important to note that the Miami Herald series about housing reported \$26.2 million of Surtax funds between 2003 and 2005 were awarded to projects that were canceled. However, it could easily be misinterpreted that these funds were disbursed to the developer. Of that \$26.2 million, \$1.7 million was actually expended by the developer. In this case, the developer was Rivers Development Group. Of the \$1.7 million, the developer returned \$930,402 to the County.

The MAT found two additional firms (Table 5) that received monies prior to commencing work. A brief description of what occurred is noted in the table below. The MAT is further researching the approval process for these payments. Other concerns may be addressed about these projects and others during the course of the KPMG forensic audit. These cases have also been referred to the Miami Dade Office of Inspector General.

Table 5. Additional Firms that Received Funds Prior to Commencing Work

Developer / Project	Allocation	Payment	Description
Opa locka CDC / Westview Terrace	\$2,500,000	\$1,000,000	Westview Terrace Apartments received \$1,000,000 in Surtax funds. While an amendment was prepared to swap funds to SHIP, there is no record of the change in the Finance Department and the County's FAMIS general ledger system. The monies were for acquisition of the property not construction. While this is not under the normal funding process, the monies for the acquisition were approved under the RFA process.
Urban League of Greater Miami / Sugar Hill Apartments	\$5,758,065	\$3,359,213.	Sugar Hill has drawn \$3,359,213 in Home and Surtax funds. The Surtax portion totals \$701, 206 and was to be used for rehabilitation work only. The project has been funded by Miami-Dade County since 1996. While some work was performed including relocation of tenants, no rehab work has transpired. Staff is further researching the approval process for this payment.

I. STATUS OF LOANS GRANTED UNDER FANNIE MAE LINE OF CREDIT

In April 2002, the County received a \$5 million line of credit (LOC) from Fannie Mae to purchase properties for infill development. The LOC was made available to private developers to construct affordable homes on infill lots. In December 2003, the County paid back Fannie Mae \$5 million plus interest with Surtax funds. The table below identifies each loan and its corresponding balance. A brief synopsis of each developer's status is also included in Table 6 - *Status of Fannie Mae Line of Credit Developer Loan Repayments and Construction*.

Consultations with the County Attorney's Office have yielded two recommended changes for loans to developers and recommendations on how to avoid similar problems in the future. The first issue addresses the maximum sales price of affordable housing.

The maximum sales price of the houses from the developer to the purchaser is currently set in the Affordable Housing contract entered into with the developer at the time of closing the loan. The sales price set in the Contract is usually the maximum as set by the program at the time of RFA approval. Frequently, program costs rise during the construction period and the contract price becomes under market value. A policy that allows the sales price to rise over time if the developer is progressing with construction is being considered. The policy will allow for realistic increases in the sales price while not unfairly rewarding a slow developer.

The second issue considered by the County Attorney's Office addresses the turnover of houses. The program requires that the end purchaser live in the house for ten years. However, MDHA had not previously taken any action to ensure compliance with this requirement. Prospectively, the County will require the developer to have the homebuyer, at time of closing, execute a ten year mortgage in favor of the County, with the final satisfaction upon conclusion of the 10 year anniversary. In order to track these mortgages, a minimum monthly payment of \$10 will be required so that a record is kept on the property. There have been problems in the past with zero-payment, forgivable loans getting lost in the system. The minimal monthly payment will reduce that problem and will offset the cost to service the loan.

According to the County Attorney's Office, these recommendations could be immediately implemented with the remaining Fannie Mae loans and outstanding Surtax loans.

Table 6. Status of Fannie Mae Line of Credit Developer Loan Repayments and Construction
As of September 1, 2006
(Fannie Mae was repaid by County funds)

DEVELOPER	ORIGINAL LOAN	BALANCE DUE as of 9/1/06			DEFAULT DATE	HOMES COMPLETED	STATUS
		<i>Principal</i>	<i>Interest</i>	<i>Total</i>			
Citywide Development	\$1,000,000	-0-	-0-	-0-	N/A	-0-	Loan repaid
Infill Development Group	\$ 940,000	\$ 873,000	-0-	\$ 873,000	1/1/04	-0-	Executed court settlement; repayment due in full 7/10/07
Riverside Homes	\$ 500,000	\$ 500,000	\$ 12,236	\$ 512,236	9/30/03	-0-	County Attorney pursuing foreclosure and repayment
Better Homes	\$ 500,000	\$ 83,333	\$ 26,619	\$ 109,952	8/31/03	20	Developer continuing to produce 4 additional Homes; negotiating terms to repay interest
Fortex Construction	\$ 980,000	\$ 490,000	\$ 63,778	\$ 553,778	10/10/03	14	Construction slowed; developer needs to produce 14 more homes; County Attorney pursuing a demand for unpaid interest and for developer to complete remaining homes
Personal Paradise	\$1,000,000	\$ 447,050	\$ 3,576	\$ 450,626	3/23/04	11	Eminent domain issue (Metrorail); developer requested substitution of land which County Attorney is addressing
Total	\$4,920,000	\$2,393,383	\$106,209	\$2,499,592		45	

Discussion and Recommended Action:

- Interest payments are due quarterly (next payment due October 1, 2006).
- Principal payments are due upon sale of completed homes to eligible homebuyers.
- No payments, interest or principal, have been made since August 7, 2006.
- Note that recent payment by Oscar Rivero was for the Las Rosas project under a Surtax allocation. No repayment has been made for the Fannie Mae line of credit.
- All parcels under active review by the Miami Dade Office of Inspector General.
- Specific developer status:
 1. Citywide Development. No monies due;
 2. Infill Development. No construction; no homes built. Executed settlement approved by Court, following referral to the County Attorney's Office (CAO). Twelve month settlement with full repayment due by 7/10/07. Settlement stipulates when a completed home is sold, \$33,500 is payable to MDC until remaining principal of \$873,000 is paid, plus quarterly interest payments. No further action at this time, unless developer defaults on court settlement in which case, CAO will get judgment for full amount due.

3. Riverside Homes. No construction has occurred; no homes built. Developer paying interest only. CAO filed foreclosure action July 2006 against developer for all parcels and FMLOC and Surtax loans. Developer has asked for extension and pay-off amount. Recommended action – continue with foreclosure for full amount due.
4. Better Homes. Recorded mortgage stipulates 24 single-family homes to be built; 20 have been completed. Developer has consistently produced.
5. Fortex Construction. Recorded mortgage stipulates minimum 27/maximum 29 single-family homes to be built. Fourteen homes built; however, construction slowed significantly. Developer has refused to pay quarterly interest, now owing \$63,778. Original maximum sales price was \$100,000; however, County records show recent prices ranging from \$118,000-\$200,000. No record of increased sales price approval. County Attorney's Office is issuing letter requesting meeting for purpose of demanding interest, adjusting sales price of homes and requiring developer to complete remaining homes.
6. Personal Paradise. Recorded mortgage stipulates 20 single-family homes to be built; eleven have been completed. Last home sold for \$152,900; however, no amendment to mortgage to increase sales price was authorized. Remaining homes cannot be completed due to eminent domain issue (Metrorail). Developer wants to substitute parcels to build remaining homes. Needs modification of mortgage to substitute parcels and approve extension. County Attorney's Office to address substitution of land.

J. PROJECTS COMPLETED WITHIN THE LAST FIVE YEARS

The Preliminary Report emphasized the failure of DLAD to manage information efficiently and effectively. Accordingly, the MAT had to research multiple databases to compile the five-year report of completed projects. A copy of the five-year history of completed projects is found in **Attachment DLAD7**. Photographs and data on a sample of completed projects are included in **Attachment DLAD8**.

The data, compiled to date, are summarized below:

- From 2001 to present, \$99.4 million of Surtax funding supported completed projects.
- Since 2001, more than 9,400 affordable housing units have been constructed or rehabilitated.
- Of the \$99.4 million:
 - \$30.3 million (30.5 percent) was designated for single family homeownership, resulting in 832 homes
 - \$67.8 million (68 percent) was designated for rental developments with a total of 8,167 rental units completed
- Of 9,442 affordable housing units completed, the average Surtax investment per unit is \$10,525.
- 103 projects received support from the \$99.4 million.
- Of the \$99.4 million, \$32.4 million represents gap funding for previously funded projects.

For completed projects, a comprehensive compliance review of all Surtax and SHIP funded projects is underway. Site visits, interviews with tenants in rental projects, and a review of the developer's financial records are critical to ensure compliance, as well as, to assure the housing remains affordable. Failure to comply with program requirements should yield sanctions and foreclosure of the mortgage.

V. APPLICANT AND LEASING CENTER

The Applicant and Leasing Center (Center) is the point of entry for individuals desiring to obtain subsidized housing through the MDHA. The Center is responsible for accepting and processing applications for project-based (Public Housing and Moderate Rehabilitation) and tenant-based (Section 8 Housing Choice Voucher) programs; maintaining the waiting list; interviewing prospective residents and determining eligibility; assigning units based upon availability; and providing relocation services to current public housing residents.

Over the past thirty days, the MAT along with County employees from DHS and the Community Action Agency (CAA) under the leadership of Assistant County Manager Dr. Mae Bryant has worked to improve the overall operations of the Center. A preliminary review of the operations and systems of the Center has been completed. The findings of the review revealed major deficiencies that have had an adverse impact on the ability of the Center to deliver services in a customer focused, effective and efficient manner. These noted deficiencies are in the areas of customer service, eligibility determination processes, intradepartmental communications, records management, and general operational and procedural guidelines, including the improper alignment of staff with job functions. These deficiencies coupled, with the lack of sufficient supervisory oversight and skill level, have contributed significantly to the under-performance of staff and the lack of an available diverse “*ready pool*” (a group of applicants who have been approved for placement and are awaiting an available unit) of customers to fill vacant housing units expeditiously. Further exacerbating this problem is the current outdated management and client information system.

Also contributing to the problems of the Center is the facility itself. The size of the Center is inadequate for the number of staff and functions assigned. The waiting and reception/intake area are inadequate for the activities associated with these functions. The file room is located in an efficiency unit separate and apart from the Center.

The vacant annex building, located within a short distance (two blocks) of the Center, was being utilized as storage for the massive number of waiting list files from prior years. The building was found in a deplorable condition. Staff that previously occupied the building left the premises in total disarray with client files, computer equipment and other items strewn throughout the offices. The building has since been cleaned and currently houses the County and contract temporary staff assigned to the Center.

These inadequacies have resulted in:

- The accumulation of over 40,000 files, from prior years waiting lists, haphazardly stored at the Center’s annex, needing to be catalogued and appropriately managed in accordance with established local and federal policies;
- Intake processes that require customers to wait for service an inordinate amount of time without regard for the nature or extent of their particular need;
- An unacceptable level of production by the majority of the unit’s staff;
- A lack of efficient waiting list management;

- A backlog of over 1,000 cases pending informal reviews (hearings);
- A disconnect between the various departmental sections involved in the overall successful placement of customers into subsidized housing.

These observations led to the establishment of the following three primary goals for the Center: Enhanced Customer Services, Focused Waiting List Management with Enhanced Applicant Eligibility Determination, and Improved General Program Operations.

A. ENHANCED CUSTOMER SERVICE

The functions and staff assignments at the Center's intake area have been realigned in order to create an environment where the customer is treated in a courteous, helpful and professional manner allowing for their needs and concerns to be addressed quickly and efficiently. Since the MAT's involvement, the security guard has been reassigned to conduct contracted responsibilities, rather than being the first point of contact with customers seeking intake services. Instead, the appropriate level of staff has been assigned to manage the intake of customers seeking services. Supervisory staff has been assigned direct responsibility for the intake area with clear directions and expectations. A customer flow system has been implemented that significantly reduces wait times for customers and allows for the early identification of their needs and concerns.

Additionally, an ombudsman function in the form of a Customer Relations Component (CRC) is being implemented, with a universal telephone number that subsidized housing residents can utilize to raise issues or concerns and obtain assistance from within the Agency or through other collateral social and human services agencies. The CRC staff will serve as advocates and service brokers to ensure that public housing residents receive appropriate responses and social services connections as appropriate to resolve their issues and concerns. Site Managers will also be encouraged to utilize this service for issues involving their residents. The CRC will also be available as a referral mechanism for all MDHA staff to utilize when tenants face social service issues and concerns.

B. FOCUSED WAITING LIST MANAGEMENT AND ENHANCED APPLICANT ELIGIBILITY DETERMINATION

In order to minimize the time that ready housing units remain vacant, there must be a diverse "*ready pool*" of customers awaiting placement. Presently, applicants are not scheduled for eligibility appointments until a unit becomes available. This further delays the time span between the readiness of the unit and occupancy by the applicant. Therefore, effective September 5, 2006, customer interviews are being scheduled in waiting list ranking order to establish a diverse "*ready pool*". Further, in an effort to expedite the filling of the current vacant units, the number of applicants scheduled for interviews daily has been increased three-fold from 35 to 108.

Additionally, on Saturday September 16th and 23rd, Center staff, augmented by approximately 75 staff from the DHS, will conduct special processing days where 2,000 individuals from the waiting list will be scheduled for eligibility interviews at three geographically dispersed locations throughout the County. This number takes into account the anticipated no-show rate of approximately 50 percent. Historical data has shown that, approximately 15 percent of those keeping their appointments are determined to be ineligible due to failed police background screenings or income in excess of program limits. Based on these statistics, it is anticipated that the 2,000 scheduled interviews will yield a “*ready pool*” of approximately 850 eligible applicants.

Staff is also continuing to explore methods that will allow for improved waiting list management to include early identification of potentially ineligible applicants.

C. IMPROVED GENERAL OPERATIONS

Policies and procedures are being developed by staff from CAA with experience in quality assurance and policy development in order to provide standardized directions for the determination of eligibility and overall work flow and operation of the Center. The development of these procedures includes the streamlining of the eligibility process and a thorough review of the required legal mandates of the Adker Consent Decree.

A contingent of temporary employees is being hired to expedite the record management activities (clean-up) for both the Center and the Section 8 programs. It is anticipated that this process will take a minimum of sixty days.

Performance standards are also being developed for each staff member, and work assignments among supervisory staff are being realigned to ensure adequate staff supervision and error free eligibility determinations. Reports and reporting requirements are being established to ensure the availability of data for early problem identification and workload management. Staff is also exploring various possibilities to improve efficiency and service delivery through enhanced MIS capabilities. A review of the present table of organization is underway to determine the appropriate classifications and the numbers of staff needed to support the Center’s functions. Staff is also being assessed to determine the appropriateness of their level of classification.

VI. PRIVATE RENTAL HOUSING

The Private Rental Housing (PRH) Division is a major component of the services provided by MDHA. PRH administers the Section 8 Housing Choice Voucher, Moderate Rehabilitation, Substantial Rehabilitation, New Construction, Shelter Plus Care, and Single Room Occupancy Moderate Rehabilitation programs. PRH manages approximately 18,000 privately owned subsidized rental units with the largest program being the Section 8 Housing Voucher Program (HCV) with 14,167 units. The chart below shows the number of program recipients by program. **Attachment PRH1** contains a demographic breakdown of PRH clients.

Table 7. Private Rental Housing Summary by Program

<i>Program Name</i>	<i>Number of Units</i>	<i>Number of Recipients</i>	<i>Description</i>
Section 8 Housing Choice Voucher	14,167	12,107	Tenant-Based Rental Assistance
Section 8 Moderate Rehabilitation	2,508	2,419	Project-Based Rental Assistance
Section 8 Substantial Rehab	809	809	Project-Based Rental Assistance
Section 8 New Construction	487	487	Project-Based Rental Assistance
Shelter Plus Care	648	466	Assistance for Homeless
Single-Room Occupancy Moderate Rehabilitation	290	267	Project-Based Assistance for Homeless
Totals*	18,909	16,555	

**As of September 5, 2006*

A. OUTCOME OF INSPECTIONS AUDIT

The USHUD Office of the Inspector General (USHUD-OIG) conducted an audit of the inspections unit at PRH during calendar year 2005. As a result, USHUD made recommendations based on the audit findings and requested MDHA's compliance. The basic finding of the audit was that out of 120 units inspected by the auditors, 117 units failed. One of the demands made by USHUD after the poor audit findings was that MDHA return \$7,300 in non-federal funds, which was completed in March 2006.

MDHA contends that certain significant USHUD auditing procedures and regulations were overlooked when completing the audit. For instance, some of the units were inspected up to nine months after the MDHA inspector performed their inspection. The benchmark for auditing quality control inspections for housing quality standards (HQS) according to USHUD's Section 8 Management Assessment Program (SEMAP), stipulates that the sample drawn for re-inspection are units recently inspected, with the inspections completed within the last three months (24 CFR 985.3 (e)). In this instance, the majority of inspections conducted by the USHUD-OIG surpassed SEMAP's three-month allowable period. Only ten of the 38 units with significant violations were

inspected within three months of MDHA's most recent inspection. Of the total 117 failed units, 86 units, or 74 percent, were inspected outside of the three-month window. Therefore, the auditors disregarded USHUD's published guidance for conducting reviews of quality control inspections.

Additionally, the audit focused on the failure of the 117 units, but did not take into consideration whether or not the units were still within the compliance period that USHUD allows the owners and tenants to cure the deficiencies. Nor did the audit consider the actions MDHA had undertaken to enforce HQS after the compliance period expired, such as abatement of subsidy and termination of assistance contracts. Finally, the housing inspection standards used by the auditors for the unit inspections were in excess of the written required HQS.

In its response, MDHA not only adopted all the USHUD recommendations but also took actions beyond those recommended in the audit. The final closeout of the USHUD-OIG audit was delivered to USHUD in mid August 2006.

B. CHANGES TO DATE AT THE PRIVATE RENTAL HOUSING DIVISION

Since January 2006, staff has been making significant changes in the management, table of organization, and in the processes and procedures of the PRH Division to provide better customer service, and improve its participant processing. In addition, PRH staff is working closely with the landlords, which play a key role in the Section 8 HCV program.

A table of organization is under development that will allow for more effective communication between the PRH Director and operational staff. Staff is reviewing every position to realign personnel into effective work teams. Newly-created job descriptions will include performance measures, and required certifications. Middle management is being eliminated to allow unit supervisors to report directly to one of two Assistant Directors.

More specifically, some of the efficiencies and improvements introduced, to date, include the following:

- Development of performance standards and processes to complete rental lease and subsidy contracts within a pre-specified number of days upon receipt of a completed request. In order to complete this project, staff is reviewing contract auditing and approval mechanisms to ensure both service to the client and compliance with program regulations.
- Tightened management controls and procedures to ensure that files are properly tracked, stored and that the information is accurate to prevent as many reporting errors as possible when the records are transmitted to the USHUD Public and Indian Housing Information Center (PIC). This is an ongoing process that will continue to receive high priority by management.
- Use of a private vendor to ensure that the rent reasonableness requirements of USHUD are being met. This is critical because the number of Section 8 HCVs that can be awarded is a function of the cost of local rents. For instance, the

number of new vouchers issued depends upon the amount of the subsidy already being paid. If rental rates were decreased, there would be more funds available for additional vouchers.

- Improved the existing Quality Control Unit, which performs the review of client files and re-inspection of the housing units. The audit process for the client files was redesigned to include the same tool that USHUD applies to perform audits of every housing agency's tenant files.
- Reorganization of the inspections unit. The management of the unit includes a Chief Housing Inspector and three Housing Inspector 2 positions. Each Housing Inspector 2 supervises five to six inspectors and clerical staff. This will assist PRH in meeting the demand for inspections required in the Section 8 and homeless programs.
- Created a technical support unit, which is critical to avoid imposition of monetary sanctions by USHUD (beginning in January 2007) if the reporting rate of participant information falls below the 95 percent within any given month.

C. EXPLORING PRIVATIZATION OPTIONS FOR INSPECTIONS

To better assess and understand the services available by private vendors, PRH managers and a representative of the MAT met with a firm that provides various services, including HQS inspections, to housing authorities. The firm representative mentioned several housing authorities that have used or are using privately contracted HQS services, such as the housing authorities of Hialeah, Indianapolis, New Orleans, Tampa, St. Petersburg, Pinellas County and Clearwater. The representative mentioned that the home office is currently in negotiations with Jacksonville Housing Authority to begin providing HQS services.

Examples of services provided are the initial, annual and re-inspections, known to MDHA as compliance inspections. Some of these housing agencies share the work with the vendor. For example, one housing agency chose to handle complaint inspections with an in-house inspector.

In order to seriously pursue the privatization option, staff is meeting with the labor unions to discuss how this option may be implemented. The privatization option is also encouraged by the USHUD local office.

D. ELECTRONIC DATA SUBMISSION ERROR REDUCTION PROJECT

The PIC system is designed to allow housing authorities (HAs) to electronically submit information to USHUD. The PIC facilitates more timely and accurate exchanges of data between HAs and USHUD. The first release of the PIC was successfully implemented on December 15, 1999. Since then, the system has been refined and HAs must adhere to higher standards. The most recent mandate is that HAs must achieve a 95 percent reporting rate for data transmitted by September 30th, 2006, and maintain it each month. This means that, for 100 records submitted, 95 records must be accepted by PIC, without errors.

The rate for PRH, as of August 31, 2006, is approximately 84 percent. Therefore, an eleven percent increase in efficiency must be achieved, translating into approximately 1,500 additional error-free records that must be accepted. Although USHUD has granted a waiver to MDHA through December 31, 2006, PRH is proceeding with a very aggressive plan to report accurately on 95 percent of leased units by September 30th, 2006. It is important to note that if on any given month starting January, 2007, the error-free reporting rate falls below the 95 percent, USHUD will impose monetary sanctions.

The following are steps being taken by PRH, in conjunction with MIS consultants, to improve and maintain the PIC scores:

1. Conduct reconciliation between Emphasys Computer System (ECS), MDHA's in-house computer system and PIC to identify missing records on PIC. Once identified, a mass record submission to PIC will be done;
2. Process the online end of participation for former Section 8 participants that are still remaining in PIC. More specifically, when tenants resign or are terminated from the HCV Program, notice of the termination must be transmitted to USHUD via PIC. In researching the various PIC issues, clients are terminated in ECS, however, these clients have not been terminated in PIC. To correct the data, the termination of the clients in PIC is completed online;
3. Identify those families that show a late annual re-examination in PIC to create a mass record submission;
4. Identify those Section 8 HCV families missing a current housing quality standards (HQS) inspection on PIC to create a mass record submission;
5. Install an upfront USHUD validation tool to reduce data errors prior to submission to PIC. This is critical because under the current process, MDHA does not know if the transmission is error free until after it has been received and checked by USHUD. This process is time consuming and negatively impacts the percentage of error-free transmissions;
6. Review all ECS translation codes to ensure that they translate accurately to appropriate coding in PIC;
7. Create a technical unit within PRH specifically dedicated to PIC related issues, such as timely data transmission, correction of data and file errors and monitoring of internal reports, as well as PIC produced reports.

The PIC Technical Unit is critical due to the complexity of the reports and the sensitivity of the PIC transmissions. This unit has already been successful in mastering the intricacies of the PIC program. PRH staff has been apprised of the common PIC errors and are continuously informed of error reports to minimize the errors. In addition, PRH has increased frequency of submissions to PIC.

E. 311 ANSWER CENTER INITIATIVE

The transition of customer service requests to the 311 Answer Center is pending. PRH will use the 311 customer request application to track customer complaints for the purpose of improving responsiveness and accountability. It will also be used to make

reminder calls for everything from initial and annual compliance inspection dates, to complaint inspection appointments, and annual recertification appointments. In addition to providing information, PRH is maximizing the features of the 311 knowledge base to link forms and applications, and wherever possible, e-mail them to the caller. To date, PRH has developed a knowledge-base of over 105 specific housing-related articles. The topics range from an applicant obtaining their ranking from MDHA's waiting list, becoming a participating landlord, requesting a grievance hearing, and transferring a tenant's housing assistance to another housing authority. Training of the 311 staff on the knowledge base will occur in mid-September 2006.

This initiative is underway and will go live in late October or early November, 2006. The MDHA web page also will be enhanced to provide additional information and downloadable forms to tenants and landlords.

VII. PUBLIC HOUSING

MDHA is one of the County's largest landlords and as a consequence the management success of the Agency impacts a population of 8,510 families comprised of 18,193 tenants who are in great need of affordable housing. MDHA manages and operates 121 development sites that contain 9,817 units (includes 88 units used for offices and 110 units under disposition). These sites are scattered among cities and unincorporated areas. There are two issues facing PH funding for the upcoming fiscal years, (1) the reduction of funding by USHUD, and (2) the conversion to asset management (see Finance and Administration Section). **Attachment PH1** contains a map of public housing developments owned by MDHA by commission district as well as a photograph and summary information on each. **Attachment PH2** contains demographic information about Public Housing families. Table 8 is a summary of Public Housing sites and units by municipality.

Table 8. Summary of Public Housing by Municipality

Municipality	Number of Housing Developments*	Number of Family Units	Number of Elderly Units
Unincorporated Area	39	1,915	975
Miami	67	2,454	3,816
Miami Gardens	5	155	0
South Miami	2	58	98
Homestead	4	161	42
Florida City	2	26	50
Opa-locka	2	17	50
Total	121	4,786	5,031

* This includes Public Housing and Sec. 8 new construction developments.

A. SAFETY AND SECURITY

The Safety and Security Plan was created at the request of Board of County Commissioners and spearheaded by Commissioner Dorrin Rolle in response to the Board's concern for the safety of public housing (PH) residents. The tragic death of Sherdavia Jenkins on July 1, 2006 underscored the dangers that exist for PH residents. The results of this report show that the list of proposed improvements is extensive and will require a multi-year capital plan to address the safety and security needs of PH. The plan will be presented to the Community and Empowerment and Economic Revitalization Committee at its October 17, 2006 meeting. **Attachment PH3** contains the detailed list of safety improvements proposed for funding in Fiscal Year 2006-2007. Work has already been completed on the repair of existing street and site lighting and the installation of 80 additional site lights within the Liberty Square development to improve lighting between buildings.

State of Policing Coordination

Because of the countywide scope of PH developments, MDHA interacts with a number of governmental agencies for services outside of the County's jurisdiction. Police support and cooperation is vital to combating local crime and to provide a safe environment for rental housing staff to maintain the grounds and units. Until 2003, there was coordination among the top five policing entities serving housing residents (Miami-Dade County, City of Miami, South Miami, Homestead and Florida City). This coordination was lost after the elimination of the federally funded Drug Elimination Grant (DEG). This program funded a community oriented policing section run by the Miami-Dade Police Department (MDPD) that worked closely with other policing units. At this time MDHA must rely on the informal cooperation of police agencies that have many competing priorities. In preparing this report, MDHA has made formal requests for assistance to the City of Miami for increased police presence at Liberty Square and other housing developments within the City of Miami.

Formal police coordination and information sharing between the County and municipalities, especially with the City of Miami, is crucial to improving tenant safety and quality of life. The recent placement of street barricades is an example of how better coordination between agencies might have resulted in a more effective information campaign to prepare residents and minimize parking and access disruptions. In the future, representatives of the MDHA should meet with MDPD and local police departments to identify opportunities to create safety initiatives.

Safety and Security Site Improvement Options

Over the summer, MDHA staff met with tenant council leaders, MDPD, and City of Miami Police staff to discuss the major type of site improvements that could enhance public and personal safety. Tenants and tenant councils are in favor of safety improvements. However, they have concerns and some reservations about many of the police recommended safety solutions. The consensus of the participants was that perimeter lighting around developments and exterior lighting within developments would provide the fastest and least expensive improvement to deter loitering, assaults, and other crimes. As a result, of this community feedback, all of the units have been assessed for lighting upgrades.

The second most commonly recommended improvement was perimeter fencing and security gates to provide access control to housing developments, especially in elderly sites. Other recommended improvements were reviewed based on the development location, layout and the type of crime in the area. These include the following:

- Street lighting to provide illumination to surrounding street areas where there is high crime in an effort to deter the suspicious persons from using the area as a staging ground for drug sales, theft or assault.
- Exterior development lighting to illuminate all public areas and interior routes within the site. Some sites need updated lighting or added lighting.
- Perimeter fencing to enclose certain sites to prevent unwanted individuals from crossing through a private site. In some cases the fencing will be designed to prevent interior site streets from being used as thoroughfares by non-residents. Some developments have large open spaces that attract individuals that do not belong.

This fencing will help to keep non-residents from traveling or loitering in residential areas.

- Closed circuit video monitors to view activity in critical areas. These cameras record information and allow staff to watch many areas from one central location where security personnel could alert police of suspicious activity or crimes in progress. Cameras have been useful in tracking unsolicited visitors and can provide valuable information to police in cases where a crime has been committed in a building and police are screening traffic in and out of the building. Although the presence of the cameras themselves acts as a safety feature, the most effective and best use of the cameras would be as part of a closed circuit surveillance system that is monitored by contracted firms. At this time, real-time monitoring is not available because of lack of funds. Staff is reviewing public and private sector operations that perform large scale video monitoring to determine the appropriate level of funding for the recurring costs of cameras.
- Street closings, street barriers and traffic re-routing to manage traffic flow. This is a suggestion that has received mixed support from housing residents because of a number of factors including inconvenience, lack of parking and a lack of awareness of the possible benefits of rerouting traffic. If this recommendation is followed, the Transit Agency would also have to review changes in bus routes, stops and shelter locations and fiscal impacts associated with street closings.
- Security guards or police presence to provide a high profile to deter criminal activity within selected housing developments. For special purposes the use of security personnel or police may be an effective deterrent to discourage criminal activity. The MDHA has office space that can be dedicated as police mini-stations. The challenge is to gain and maintain police support and use of the spaces.

Completed Safety and Security Improvements at Liberty Square

As a result of the recent shooting, an expedited effort was completed to improve safety lighting. Florida Power and Light installed 80 new lights within the site and around Liberty Square, repaired about 50 percent of the existing lights, and it installed bullet-proof covers on the face of each light. The exterior lighting within Liberty City was repaired at a cost of \$9,600 to MDHA. These changes will increase MDHA's utilities costs by \$18,384 annually at Liberty Square.

Interim Director Cynthia Curry met with County staff, Miami officials, including the Miami City police chief, members of the City Manager's staff and CDBG staff to discuss other anti-crime options. Miami City Police Chief John Timoney provided recommendations for street closings to control traffic and advised that closed circuit video cameras would also provide a higher level of cost effective police and security monitoring. Subsequently, Miami Police staff attended two tenant meetings at Liberty Square on July 14 and July 27, 2006 and discussed their plans with tenants. The City, of its own initiative, installed Jersey barricades at Liberty Square on August 19, 2006. Local residents were not advised of the action which took place while ongoing discussions were occurring among the tenant council, Miami police and MDHA staff about the use of street barriers and access controls. The Jersey barricades have since been removed by the City. County Commissioner Rolle asked the Liberty City tenant council to meet with the tenants to

fully discuss safety options so that tenants have an opportunity to discuss and express their preferences.

In addition, City of Miami police also increased their presence in the area. City public works staff also assisted by clearing drains that were creating flooding problems. Other city departments addressed waste removal issues and assisted with the enforcement of zoning, nearby overgrown lots and abandoned vehicles. It is hoped that the City continues to be responsive to the ongoing need for code enforcement in the area and infrastructure maintenance. The City of Miami Police Department has presented a plan to implement the PAL (Police Athletic League), a community based program and has already conducted meetings with MDHA property management and the resident council leadership.

Safety and Security Plan Recommendations

The total cost of the proposed improvements is \$10.4 million. The **Table 9** shows the type of improvements sought for both family and elderly housing developments.

Table 9. Total Proposed Improvements

Safety Improvement	Family sites	Elderly sites	Total cost by improvement type
Perimeter street lighting	\$111,000	\$59,572	\$170,572
Development exterior lighting	792,000	869,872	1,661,872
Perimeter fencing	3,303,625	115,000	3,418,625
Security gates	210,000	261,000	471,000
Closed circuit video cameras	3,053,800	1,312,900	4,366,700
Intercom systems	100,000	227,000	327,000
Grand Total	\$7,570,425	\$2,845,344	\$10,415,769

Funding Considerations

The MAT will work with MDPD, the Office of Community and Economic Development (OCED) and OSBM on locating grants and other funding sources for the implementation of a Public Housing Safety and Security Plan. The Plan includes additional video cameras, lighting, and fences at public housing sites throughout the County (\$4.8 million recommended in the County Manager's FY 2006-07 Resource Allocation Plan). An analysis of the Capital Fund Program (CFP) and other potential sources is underway to determine available funding in light of new priorities. As will be discussed later in this document, we will be recommending certain amendments to the 2006 Comprehensive Plan and policy changes for the 2007 Comprehensive Plan to redirect Community Development Grant Funds to housing activities. **Table 10** shows the anticipated timing of the needed funding.

Table 10. Safety and Security Total Improvements Proposed For Funding From FY 2006-2007 through FY 2009-2010

Safety Improvement	2006-2007	2007-2008	2008-2009	2009-2010	Total
Perimeter street lighting	\$93,000	\$36,000	\$41,572	0	\$170,572
Development exterior lighting	697,750	917,300	46,822	0	1,661,872
Perimeter fencing	1,437,125	678,000	877,875	425,625	3,418,625
Security gates	351,000	0	120,000	0	471,000
Closed circuit video cameras	1,969,800	1,371,400	1,025,500	0	4,366,700
Intercom systems	252,000	15,000	60,000	0	327,000
TOTAL	\$4,800,675	\$3,017,700	\$2,171,769	\$425,625	\$10,415,769

B. VACANCY REDUCTION INITIATIVES

The PH Division has a property portfolio consisting of over 9,817 housing units, including 536 units under the Section 8 New Construction program, after the demolition disposition of the James E. Scott and Carver Homes developments associated with HOPE VI. Public Housing Division also provides administration for two Assisted Living Facilities (ALF), the Helen Sawyer ALF and the new Ward Towers ALF, with 104 and 100 units respectively. These units are located at more than 121 housing developments across Miami-Dade County. The table below summarizes the housing units by program type.

Table 11. Public Housing Developments By Program Type

Program	Number of Developments	Number of Units
Conventional Public Housing	111	9,177
Assisted Living Facilities (ALF) (operated by Public Housing)	1	104
Section 8 New Construction (operated by Public Housing)	9	536

The types of structures range from single family homes scattered throughout several residential communities, to duplexes, town homes, and multifamily structures. Also included are mid and high rise structures that require complex building support systems including but not limited to emergency generators, elevators, heating systems for water and air, domestic water pumps, and life safety emergency support devices.

As of August 24, 2006, there were 1,109 vacant units of PH that were identified as part of the vacancy reduction plan. The chart below shows projected dates for the units. There are 155 units available to be leased. The ALC is working closely with PH to identify potential tenants. It is important to note that in addition to the identified units, about 840 units a year become vacant in the course of routine operations. These additional units, called make-ready units (MRU), frequently require minor repairs, painting and plastering which is handled by MDHA maintenance repairmen. PH is

committed to remaining current with the MRU's while addressing the other vacancies. **Table 12** contains the anticipated time frames for completion.

Table 12. Anticipated Timeframes for Completion of Rehabilitation of Units

Vacant Units Requiring Major Repair	Units	% of Units
Unit status as of August 24, 2006		
Total ready to occupy	155	14%
Total under maintenance ready by 9/30/2006	80	7%
Total under maintenance ready by 10/31/2006	74	7%
Total under maintenance ready by 11/30/2006	64	6%
Total under maintenance ready by 12/15/2006	39	4%
Total under maintenance ready by 3/30/2007	21	2%
Total under maintenance ready by 6/30/2007	52	5%
Total units awaiting estimates and contracting	624	55%
Total vacant units in vacancy reduction plan	1,109	100 %

MDHA Internal Coordination Strategies to Execute the Plan

There are 218 units under repair that are expected to be ready for occupancy within the next 90 days. 112 additional units are expected to be available within 270 days. These units will take more time to deliver because of the extent of the damage and repairs that need to be made. In addition there are 624 more units that are not in the pipeline yet because they are awaiting evaluation by construction managers so that they may enter into the procurement cycle.

PH is actively working with MDHA's Housing Development Division (HDD) to create a vacancy reduction plan to assess the needed repairs in 624 of these units within the next 30 days. The scope of work for these repairs will then be packaged in bidding documents and issued within the subsequent 30 days. The timetable for this effort relies heavily upon the cooperation of other County departments who are lending construction managers to evaluate the damaged units and prepare documents for competitive bid submissions from contractors. Both the HDD and PH divisions have divided the work so that there is adequate upper management oversight of the process which encompasses individual unit repair evaluation and specifications, the creation of contract documents, procurement processes and coordination with contractor repairs. HDD is coordinating the evaluation and repair of 530 units across 37 developments while PH is coordinating the evaluation and repair of 94 units across 24 developments.

To make the work attractive to smaller local companies, construction managers, whenever possible, will assemble contracts in packages of work estimated to cost less than \$100,000. This amount is the threshold below which bonding and insurance requirements become more expensive to contractors. The Office of Capital Improvements is providing assistance in this project to ensure that the companies meet County and federal regulations. It is important to note that these levels of contracts have a procurement award cycle of 90 to 100 days, including a Miami-Dade County mandated ten day protest period. This procurement process was selected to optimize the time it takes to commence repairs.

It is important to note that although the procurement cycle for these contracts is 90 to 100 days, all of these contracts are subject to the requirements of Section 3 USHUD Act of 1968 and the implementing regulations. Section 3 requires that, to the greatest extent feasible and consistent with federal, state and local laws and regulations, job training, employment, and contracting opportunities be directed to low and very-low income persons. The administration of these requirements by the private contracting firms may add additional time to the procurement award cycle.

Ongoing Assessment and Repairs of Vacated Units

Units that become vacant need to be turned over and made available for new residents quickly. These units, called make-ready units (MRU's), frequently require minor repairs, painting and plastering which is handled by MDHA maintenance repairmen. PH is committed to remaining current with the MRU's while addressing the other vacancies. These vacated units provide additional housing to new applicants from the PH waiting list. In order to keep up with the work orders to complete MRU's, it is vital that custodial services contracts explained elsewhere in this section be approved and operational. Because of existing inadequate maintenance and custodial staff levels, MDHA currently has a 109 day turnaround time while USHUD requires a 20 calendar day turnaround time on MRU's.

Coordinated Plan to Complete Hurricane Repairs

Restoration efforts and roof replacement resulting from last year's hurricanes have been collectively achieved by operations staff, initiating small roof repairs, and roof replacement bids concurrently with larger bid packages being done by HDD managers. To date, HDD has completed 15 out of 29 roof repair/replacement projects at three developments (Victory Homes, Model Cities, and Liberty Square) costing approximately \$6 million. Of the remaining 14 projects, three are in construction, eight are in the contract award process, and three are in design/bid package preparation.

Tenant Leasing and Processing Goals

MDHA staff has set a minimum goal of leasing 40 units per week so that all available units are occupied by September 30, 2006. The increase in the move-in rate from the waiting list is the result of an improved collaboration with the ALC. The increased move-in rate represents an increase of almost 40 percent in new move-ins within recent weeks.

C. JANITORIAL SERVICES

As part of a downsizing effort, MDHA eliminated 86 positions from its FY 2005-06 budget of which 32 positions were in Public Housing. Included in these reductions, were seven custodial workers whose primary role was to clean all sites. During the reduction of custodial staff, the Agency did not have a janitorial contract in place to provide an alternative for the custodial function. The combination of reduction of staff and lack of a janitorial contract resulted in MDHA having this function being inadequately provided. Therefore, to maintain some level of custodial care, the PH maintenance staff performed the custodial duties occasionally at all housing developments. However, non-

development sites such as leased sites, which house Agency administration, were being cleaned by office staff and/or, on a very limited basis, by the maintenance staff. MAT and the Department of Procurement Management (DPM) have completed the requirements and final scope of the janitorial contract. The competitive janitorial services contract was advertised on August 16, 2006.

The table below contains 17 of the sites that were prioritized by the MAT to immediately receive janitorial services. The occasional cleaning by maintenance staff, whose primary focus is the physical/structural maintenance of MDHA property, has been inadequate. The department has received numerous complaints from residents, employees, and others. In a meeting held with the Overall Tenant Advisory Council (OTAC), over the last few weeks, the lack of custodial care and the proper upkeep of properties, particularly at sites with a majority elderly/disabled population, were unanimously cited as major problems. Visits to the sites confirmed this assessment and resulted in the establishment of an emergency janitorial contract being awarded by the DPM for 17 sites on August 24, 2006 in anticipation of the competitive janitorial services contract now being advertised. The anticipated contract award is scheduled for early October 2006 with an estimated annual budget of \$500,000.

Table 13. Sites Covered Under New Janitorial Contract

Site Name	Address
Little River Plaza	8401 NW 5 Place
Lemon City	150 NE 69 Street
Palm Towers	950 NW 95 Street
Ward Tower	2200 NW 54 Street
Three Round Towers	2920 NW 18 Avenue
Dante Fascell	2929 NW 18 Avenue
Jack Orr Plaza	550 NW 5 Street
Claude Pepper	750 NW 18 Terrace
Phyllis Wheatley	1701 NW 2 Court
Wynwood Elderly	3000 NW 3 Avenue
Robert King High	1403/05 NW 7 Street
Haley Sofge Towers	800/750 NW 13 Avenue
Singer Plaza	1310 NW 16 Street
Harry Cain	490 NE 2 Avenue
Stirrup Plaza	3150 Mundy Street
Gibson Plaza	3160 Mundy Street
South Miami Plaza	6701 SW 62 Avenue

D. FACILITIES MANAGEMENT

A review of the department's Non-Emergency Work Order Turn-around Time has shown significant increases as a result of the previously discussed custodial work being performed by maintenance staff. The overall total outstanding work orders generated by the resident, manager, and preventive maintenance criteria for the month of July totaled 3,536. **Table 14** lists specific data dealing with the MDHA's overall work-order performance:

Table 14. Aged Outstanding Work Orders (Manager, Resident & Preventive Maintenance)

Region	Manager Generated	Resident Generated	Preventative Maintenance	Total Outstanding
One	541	242	100	883
Two*	975	530	717	2,222
Three	160	227	44	431
Total	1,676	999	861	3,536

**Region 2 has the largest concentration of high-rise developments which require the majority of custodial services for MDHA.*

In addition to the establishment of a janitorial contract, the MAT is also reviewing the staff levels of the maintenance staff. This review is critical to the ability of the department to respond in a timely manner to the many maintenance requirements, including preparation of vacant ready units, upkeep of site property, domestic waste maintenance and collection, debris disposal, grounds upkeep, emergency and routine work order response and overall general maintenance for approximately 9,817 units of public housing, which are spread throughout Miami-Dade County. This review, along with the janitorial contract will improve the responsiveness to the requests for work orders by PH tenants.

VIII. INFILL HOUSING PROGRAM

On June 5, 2006, the Infill Housing Program was transferred to GSA. The MAT is confident that this transfer will not only ensure a more effective, efficient and legally proper implementation of the Program, but will enable GSA to take a more comprehensive approach to managing the County's land inventory. Since June, the focus of efforts has been on implementing new processes and procedures for the program and on a thorough review of the current status of lots previously sold or conveyed.

A. NEW PROCESSES AND PROCEDURES

Although there is an ordinance that governs the Infill Housing Initiative, MDHA never codified the specific policies and procedures essential to ensure program consistency and accountability. This has contributed to the number and degree of problems and lackluster performance of the program thus far. In fact, of the 468 County-owned lots already conveyed to developers for infill housing, ground has yet to be broken on 299 of the lots. Based on staff's review of the progress, the practices used to implement the program, as well as the feedback gathered from the affordable housing development industry, it is clear that major changes are necessary if we are to: (1) expedite the process of building and selling homes; (2) ensure that those who need the homes are the ones who get them; and (3) infuse integrity and accountability into the process. These issues were highlighted in the Infill Housing Report presented to the Community Empowerment and Economic Revitalization Committee on May 16, 2006.

As a result, one of GSA's first tasks has been to revise the Ordinance (**Attachment IHP1**) and develop an Administrative Order (**Attachment IHP2**), which will establish consistent, sensible and verifiable policies and procedure as well as modify existing practices in order to better achieve program goals. The Ordinance and Administrative Order will be presented to CEERC at its October 17, 2006 meeting. Key improvements are described in the following sections.

Thorough Review of County Properties Prior to Conveyance

Too often, parcels were conveyed (both by sale and donation) to developers in spite of significant development and title problems. In addition, many other parcels which were clearly too small or otherwise not feasible for development were inappropriately put "on hold" for infill housing. This inhibited staff's ability to sell such lots to adjoining owners, which would have generated revenue for the County and returned lots to the tax roll.

To prevent the continuation of this practice, the County Manager has established the Affordable Housing Review Committee (AHRC), made up of representatives from key County agencies, including the Planning and Zoning Department, the Department of Environmental Resources, Public Works, Water and Sewer Department, Team Metro, Building Department, Office of Community and Economic Development, and Tax Collector. AHRC's primary functions include: (1) establishing standardized criteria by which County land parcels (lots) are judged appropriate for the Infill Program; (2) determining the suitability of said parcels for infill or affordable housing development and; (3) determining how and whether to correct property development problems before

lots are made available to developers. Parcels clearly not suitable will be rejected by the AHRC and sent back to GSA for other appropriate action, including being declared surplus pursuant to Administrative Order 8-4.

Establishment of a Formal Process to Select Qualified Developers and Award Lots

Prior to June 2006, the Program had been characterized by a lack of consistency and process in selecting not-for-profit developers, as well as an inability to evaluate the qualifications of for-profit developers prior to awarding lots through the competitive bid process. To overcome these problems, a Request for Qualifications (RFQ) will be issued in the coming weeks, a draft of which is included as **Attachment IHP3**, to formalize the process of qualifying and selecting developers (both for-profit and not-for-profit) to participate in the Infill Housing Program. With the housing crisis at hand, and the pressing need to increase the stock of affordable homes, every effort must be made to maximize the number of developers participating in the program, while at the same time excluding organizations with little or no experience in building affordable housing from participating in the Program. Establishment of the pool and additional details on the process by which parcels will be conveyed will be presented to the Board for approval by the end of the year.

Once the pool of qualified affordable housing developers has been established and buildable lots are identified, staff will make the lots available to the developer pool via periodic solicitations. In order to expedite the award and issuance of lots to developers, the solicitations will be issued multiple times per year and will be awarded administratively.

Streamlining the Development Process

On August 22, 2006, GSA held an industry workshop with key individuals from the infill housing development community, including builders, lenders, title companies, and representatives from a number of various County Departments. Staff divided meeting attendees into focus groups to discuss a number of the most serious issues related to the Infill Housing Program. A copy of the meeting agenda and a summary of the discussion that took place are attached (**Attachment IHP4**). Among the recommendations resulting from the meeting was the need for clear title, a faster turnaround time to obtain building permits, and a more expeditious public hearing process. Although Florida Statute F.S. 197.502(8) states that all liens accrued prior to escheatment of the property to the County are canceled, in the eyes of the title insurance underwriters, said parcels still have a clouded title.

Since assuming oversight of the program, GSA has been aggressively clearing those liens. To date, approximately 54 parcels remain to be cleared and will be completed within the next 60 days (these last parcels may take a little longer since half of them are located within municipalities). Priority is being given to those parcels that have homes under construction. Additionally, staff is working with the County Attorney's Office to explore the possibility of creating a pool of private attorneys to clear the title prior to conveyance.

Additionally, the Department of Planning and Zoning is proposing several Code amendments to facilitate development of substandard sized lots. Once such

amendment was recently approved by the Board at its September 12, 2006 meeting. Said amendment reduced lot size and frontage requirements for residential lots platted prior to 1938. A separate code amendment is in the process of being finalized which will allow developers participating in the County's Infill Housing Program to go through the administrative variance process, rather than the public hearing process, to request variances of lots size, area and setbacks. This change will significantly reduce the time needed to obtain a variance. Staff is also exploring ways to remove obstacles such as impact fees, connection fees and lengthy regulatory processes to further accelerate the development process for infill properties.

The Building Department currently has an expedite process already in place for affordable housing projects. Many of the developers in attendance were not aware that this process existed. Clearly, education and improved communication with the development community needs to be part of all process improvement efforts.

Additionally, in response to the Board's request to identify County-owned parcels suitable for residential development and to file Comprehensive Development Master Plan and zoning applications to permit residential development of such parcels, the Department of Planning and Zoning is currently reviewing approximately 500 County-owned parcels to determine suitability for residential development. Applications to rezone the properties or modify the land use plan will follow once the review process has been completed.

Implementation of Controls to Ensure that Homes Remain Affordable in the Future

Controls implemented thus far, through deed restrictions or administrative processes, have proven inadequate to prevent individuals who want to get around program requirements from doing so. It is imperative that controls be as foolproof as possible in order to ensure that not only the first sale, but all sales, of a particular home meet program guidelines for as long as the property is restricted to affordable housing use. In order to achieve this, the County Deed has been revised (**Attachment IHP5**) to more clearly define restrictions and reverter language. Additionally, all developers will be required to sign a Declaration of Restrictive Covenants (**Attachment IHP6**), which specifies that the home must remain affordable for a period of 30 years and cannot be sold without the written approval of the County. Additionally, the covenant contains a right of first refusal provision in favor of Miami-Dade County.

Implementation of a More Assertive and Proactive Oversight Process

To ensure that homes are being developed within acceptable periods of time, more frequent, and more consistently defined, milestones have been set for various phases of development and are being tracked on each lot still in the development process. This tracking system involves regular inspections and requests for documentation verifying that development is progressing. Problems identified early on in the process will ensure that corrective action is taken before too much time has passed, or too much money has been spent by developers.

B. CURRENT STATUS OF BID AND CONVEYED LOTS

GSA has thoroughly reviewed all of the parcels that have been awarded via competitive bid or nominal conveyance through the Infill Housing Program. Of the 468 lots that have been sold or conveyed (this number excludes lots that have already reverted to the County), approximately 131 have completed homes on them. Of the remaining 337 without completed homes, 38 have building permits and the remaining 299 are still in the pre-development stage. **Attachment IHP7** provides a breakdown of the lots by status, and **Attachment IHP7a** provides a summary of infill lots by developer.

Over the course of a six-week period (from late June to early August), staff met individually with each entity granted County-owned land on which a home has not yet been completed and sold, providing them with an opportunity to detail their efforts to develop the lots, and to justify their lack of progress, on a lot-by-lot basis. In reaching a judgment on whether or not to move to seek return of property title to the County for those lots without completed homes, staff attempted to balance fairness against Program's ultimate goal, which is to build quality affordable homes as expeditiously as possible. Do the problems encountered and the effort put forth warrant the granting of additional time? Will the time required to recapture the property and reassign it to another developer exceed the time required by the current developer to break ground on the home construction?

Ultimately, staff has concluded that the majority of these developers have made good faith efforts to develop these parcels, but that the underlying problems associated with the conveyed lots have been extraordinarily difficult to overcome. Staff's time will be much better spent implementing process improvements, and working with these developers to overcome title, zoning, and building permitting problems than it would be in trying to enforce title reversions, reallocating lots, and starting from scratch with new developers. In fact, had the process improvement recommendations in this memorandum and the proposed administrative order been implemented prior to these conveyances, it is very likely that homes would have already been completed on most of these lots.

Of the 337 lots on which homes have not yet been completed (with and without permits), developers have agreed to voluntarily return 12 lots due to their inability to correct deficiencies, and staff has initiated the process to take back title to an additional 47 parcels by notifying developers that they are in default. These developers have been given until September 30, 2006 to return the lots to the County or file an appeal of this decision. Failure to do either will result in immediate legal action to take the lot back and automatic forfeiture of their ability to file an appeal. All reverted parcels will be re-evaluated to determine suitability for development and will be disposed of accordingly.

Developers have been given 30 days in which to appeal staff's decision to the AHRC. As outlined in the proposed administrative order, a subcommittee of AHRC will hear all applications for extensions. The subcommittee will be comprised of the directors or designees of departments with development/regulatory responsibility or other key infill housing roles, who can validate or refute statements made by developers regarding their inability to build the homes within the timeframe provided. Decisions of the AHRC subcommittee will be binding.

For those parcels not currently recommended for reversion, each developer will be given clear milestones that must be met, with the failure to do so resulting in automatic reversion. Furthermore, in exchange for being granted the necessary time extensions to complete homes, these developers are being required to execute and record the aforementioned restrictive covenant on each lot that imposes the newer, more stringent requirements being proposed in the administrative order and ordinance amendments. These include increasing the control period from 10 to 30 years, requiring the County's approval prior to sale, and providing a right of first refusal to the County to purchase the home at the end of the control period. As referred to above, the processes and procedures outlined in the proposed ordinance, administrative order, and in supporting internal procedural memoranda will require and empower staff to closely monitor the development process. The implementation of date-driven milestones, regular status reporting and developer meetings, site visits, and a formal process for considering extensions and reversions, will drive the oversight process.

In addition, in an effort to ensure that we do not rely solely on disciplinary protections, staff is establishing processes and procedures to provide proactive assistance to developers. Key examples include:

1. The creation of infill expedite initiatives within the zoning, pre-development, and building permitting processes;
2. The designation of County staff to serve in an "ombudsman" role to educate developers and assist them in navigating the development process, if and as it becomes necessary,
3. The use of multiple standard home building plans that have been pre-approved,
4. The execution of pre-conveyance actions by the County that will result in (i) the County's conveying clear or near-clear title and (ii) the elimination of most, if not all, zoning and other regulatory obstacles.

It should be noted that the County's OIG is in the process of reviewing the status of all lots in the Infill Housing Program, including privately owned lots. The OIG will determine if the original buyer met the eligibility requirements. Furthermore, if the home has since been transferred, the OIG will determine if the properties are in compliance with the Declaration of Restrictive Covenants.

IX. HOUSING DEVELOPMENT

The Housing Development Division (HDD) of MDHA is responsible for the planning and construction of housing rehabilitation projects. The division is composed of the Facilities Section and the HOPE VI office, which was established to provide management to all aspects of the Homeownership Opportunities for People Everywhere (HOPE) VI Grant awarded to MDHA in August 1999. The purpose of this \$35 million federal grant, to be leveraged with local, state and private funds, is to revitalize the Scott Homes and Carver Homes public housing sites for very low and low-income families. Issues around the construction of the Scott-Carver / HOPE VI homes have been highlighted over the past few months.

The work of this division has been disconnected from the Agency as a whole, thus creating an out of sight/out of mind attitude which has resulted in a lack of proper oversight. Furthermore, this division operated without the benefit of a permanent division director from January 2005 until February 2006, thereby creating a leadership void. During that time period, the Division was split so that the Facilities Section reported to the MDHA Deputy Director and the HOPE VI office reported directly to the MDHA Department Director.

As of the date of this report, the Division is back to reporting to the MDHA Interim Director and as a result of an organizational realignment, a significant number of staff have been replaced, reassigned or have resigned. The Division is currently functioning with an Acting Assistant Director while recruitment and competitive selection for the permanent position are underway. As part of the division's organizational realignment, an Asset Management section has been created to address the deficiencies related to cost/benefit analysis and evaluate best practice approaches to maintaining existing housing, utilizing available resources and assessing the potential for new development. Furthermore, the Division continues to receive heightened management oversight from the MAT and the County Manager's Office.

The MAT has also asked OSBM, the Office of Capital Improvements (OCI) and GSA to provide technical assistance to the division and to review project budgets to ensure that these projects are properly funded and that the various funding sources are correctly represented in the County's Capital Budget. The HOPE VI budget is being revised to reflect an increase in the projected cost of construction and the elimination of Low Income Housing Tax Credits as a source of funding. Based on a preliminary review, it is estimated that the total project budget for both phases of the HOPE VI project will approach \$150 million.

Though the reorganization of the Facilities section is ongoing, several aggressive initiatives are underway. Critical projects underway include the roof repair/replacement hurricane recovery effort. Significant modernization and rehabilitation work is also underway totaling approximately \$13 million, along with energy audit reporting and efforts to bring five percent of all PH units into compliance with Uniform Federal Accessibility Standards (UFAS). Additionally, the Facilities section is implementing the vacancy reduction effort to repair the substantial backlog of vacant units in partnership with the PH Division, GSA, and construction management professionals on loan from

other County departments. This effort is presented in more detail in the Vacancy Reduction portion of the Public Housing chapter.

Lastly, staff is evaluating existing public housing sites to determine the useful life of the buildings and the possible addition of new units.

A. SCOTT CARVER HOMES HOPE VI REVITALIZATION PROGRAM

The goal of the HOPE VI program nationally was to transform physically deteriorated, poorly managed, and financially distressed properties into high-quality living environments where families would choose to live. Since its inception in 1992, USHUD has awarded 446 HOPE VI grants in 166 cities funding the demolition of 63,100 severely distressed units and the redevelopment of 20,300 units. At the end of 2002, 15 of 165 funded HOPE VI programs were fully completed. It must be noted, that HOPE VI is not solely about the demolition and the redevelopment of housing, but is also about rehabilitating the lives of the residents through community supportive services, job training, credit counseling and, most importantly, achieving home ownership.

Over the life of the program, Miami-Dade County has received two HOPE VI grants. In 1998, Miami-Dade County received \$4.6 million for the development of the Ward Towers Assisted Living Facility (ALF). This project is discussed in a later section. In 1999, Miami-Dade County received a HOPE VI grant in the amount of \$35 million for the redevelopment of Scott and Carver Homes. The goal of the grant was to replace 850 units located in the target area generally bound on the north by 79th Street, on the south by 68th Street and on the east by NW 21 Avenue and on the west by NW 21st Avenue with 160 public housing units and 251 home ownership units by leveraging the grant funds with local and private funds to cover the total development cost. The project was to be completed in 2004. Management of the project was handled by the HOPE VI office of the HDD with the assistance of H.J. Russell, a private firm with HOPE VI experience engaged to serve as Program Manager. Early in the process, the County was sued by the former residents to prevent the demolition of the housing and ultimate relocation. The litigation caused a significant delay in the progress of the project and necessitated a change in the completion date to December 2008.

Interim Management Action

Due to the delay in the progress of the HOPE VI project, in August 2005 the County Manager asked key members of his staff to provide focused attention to the project. While the charge to the Manager's staff was to expedite the permitting process in order to commence with construction as soon as possible, staff found that the Architect of Record had been terminated in November of 2004. As a result, there were no plans available to submit for permitting and no architect in place to oversee the construction. Other components of the permitting process, including site plan approval and platting of the property, had not been finalized. Furthermore, the HOPE VI office was operating under the direction of the Assistant Director of Housing Development due to the fact that the Director had been placed on paid administrative leave pending investigation of managerial practices at the Water and Sewer Department, his place of employment prior to coming to MDHA.

Staff from the Manager's office then focused its attention on the award of the development for Phase I (52 single-family homes) of the project. This phase was to be developed on the basis of an RFP that resulted in the receipt of only one proposal. Negotiations with the firm submitting the proposal could not be completed due to deficiencies in the RFP including the inability to authorize a developer's fee, the requirement of the developer to place \$722,000 in an escrow account until project completion and the limited cost to be permitted for the construction of the homes. As a result of this, County staff recommended rejection of the proposal and the award of Phase I to Habitat for Humanity (Habitat). Habitat was awarded the contract in January 2006 and made a commitment to complete the 52 homes within 18 months of the issuance of a building permit. To date, 12 houses are under construction, all of which have been purchased by former Scott-Carver residents.

In addition to concerns regarding the construction oversight of the project, the HOPE VI project has also suffered from compliance issues as outlined in the Miami-Dade County OIG report regarding a portion of the Community Supportive Services component. The OIG audited one component of H.J. Russell's contract that entailed the management of direct service providers involved in Community Supportive Services. These companies were responsible for providing family self sufficiency programs, job training, technical training, high school equivalency education, employment preparation/placement, home ownership counseling, youth activities, elderly services, and counseling for all former Scott/Carver residents. Based on the OIG report, an inordinate percentage of the CSS expenditures went toward administrative expenses rather than direct client services. The OIG also found that invoices had been approved and paid without proper documentation.

As a result of these findings, staff has requested a full audit of H.J. Russell's contract by the County's Audit and Management Services (AMS) Department. This audit will include a review of the entire beautification program that has reported completing painting and landscaping work on 503 homes in the HOPE VI Target Area along with assisting in the certification of 49 new Community Small Business Enterprises (CSBEs). The effort of the Black Business Association (BBA) was carried out in a sub-contracting role with H.J. Russell, the firm that served as the HOPE VI Program Manager. According to *The Miami Herald* series, the BBA has overcharged the County for these services. The County Manager has requested the County Attorney's Office to assist with pursuing all necessary legal action, and staff has issued H.J. Russell a notice to cure several deficiencies. Furthermore, the contract with H.J. Russell will not be extended. DHS is assuming the functions under the Community Supportive Services component, and MDHA's Compliance and Quality Assurance Division will be responsible for monitoring and program reporting as required by USHUD.

Getting Back On Track

In spite of project delays to date, all 826 households that were residing in Scott Homes and Carver Homes as of the date of the grant award have been relocated. In addition, approximately 250 households, created by family separations, have also been relocated. 532 of the 850 units on the site have been demolished, and demolition of 314 of the remaining homes has commenced. The remaining four units are being evaluated for rehabilitation.

Based on the current schedule, Phase I, which includes 52 homes awarded in January 2006 and five homes that had been previously awarded, by Habitat will be completed by January 2008. Staff from MDHA has worked closely with Team Metro and Public Works to address issues that may affect the construction progress of these homes. A streamlined contracting process has been developed for Phase II of the HOPE VI project, which will entail the development of all remaining 354 homeownership and public housing rental units. The solicitation for design/build services for the housing units and all related infrastructure will be advertised at the end of this month. The MAT and MDHA staff continues to meet regularly with the local USHUD office to track the project's progress.

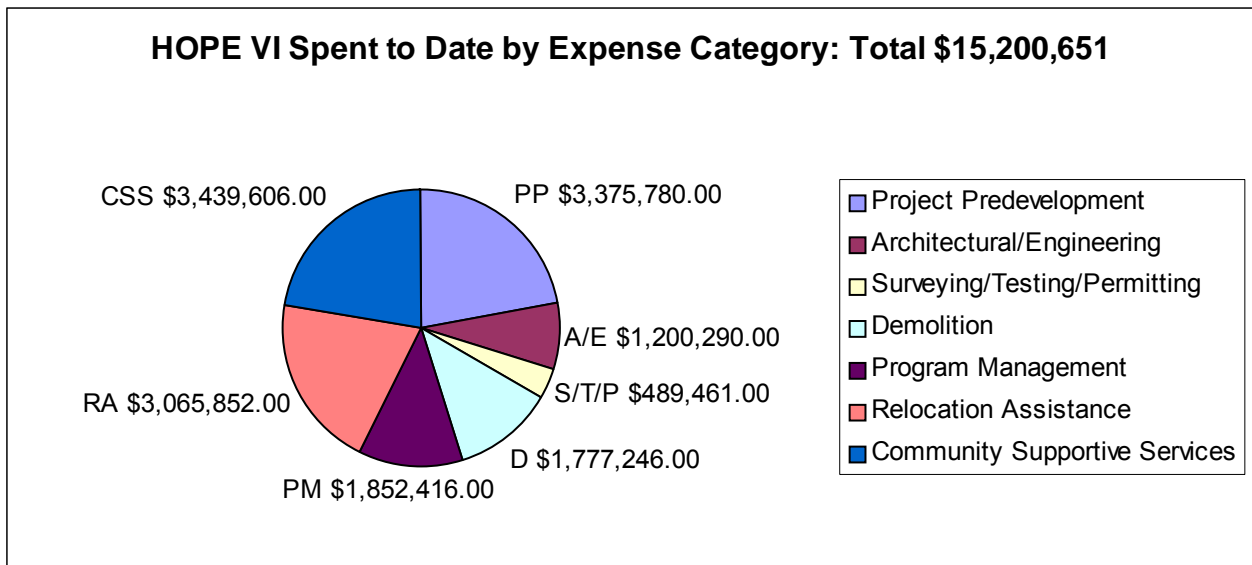
Furthermore, it should be noted that this project has been impacted by a variety of actions that were not completely under the County's control. These actions include:

- Two lawsuits brought against the County by the community in an effort to halt the relocation of residents. These legal actions delayed the project by two years.
- The loss of the HDD Director due to an administrative leave of absence and subsequent dismissal.
- The dismissal of the Architect of Record by the County. This delayed the project timeline by three years.
- Construction costs have increased at an unprecedented rate due to global demands on labor and materials that were further strained by the regional increased regional demands resulting from last year's wide spread hurricane damage.

Under the leadership of the new HDD Director, supported by the MAT, the program is back on track. Since the intervention of the County Manager's office, the following actions have occurred:

- Staffing was realigned and sound management practices implemented.
- The development of Phase I was awarded to Habitat.
- Site Infrastructure work is nearly complete for the Phase I development.
- Urban planning has been completed and is underway for approvals.
- Environmental remediation is being completed.
- The Design Criteria Professional for Phase II has been selected and is currently on board.
- Industry input was sought via a developer forum and additional outreach for viable project execution. As a result, a Request to Advertise Phase II is in preparation and will be advertised pending the completion of the Design Criteria Package by the Design Criteria Professional.
- The financing structure for Phase II has been revised for the purpose of simplifying the financing of the project.
- The contract for the demolition of the final 314 units has been awarded.
- To date, \$15,200,651 in HOPE VI grant has been spent on the Scott Carver project. See distribution of these expenses below:

Figure 1 below contains a break-out of HOPE VI expenditures to date by category through July 2006.



Challenges Moving Forward

While the project is now being managed with the proper checks and balances in place, completing the project in compliance with USHUD requirements will continue to be a challenge. The budget for this project has been amended to reflect the construction increases that have resulted from project delays as well as the recent construction boom. The overall impact of increased construction costs is that the budget has gone from \$137 million to approximately \$150 million. The new budget also reflects the elimination of Low Income (LIHTC) as a source of construction funding. LIHTC were eliminated due to the complexity of the process to secure the funds and the long term monitoring required after the completion of the project.

Due to USHUD funding restrictions, there are limitations in regard to the source of funds that can be allocated to the project. As a result, in consultation with OSBM, it has been determined that the additional funds will be sought via a loan from the Sunshine State Funding Pool. This loan will be amortized with local Capital Outlay Reserve funds.

Finally, based on staff's recent assessment of the work that is remaining and the amount of time left in the schedule, MDHA has again requested an extension from USHUD for completion of the project. As was discussed earlier, Habitat is moving forward on the Phase I development with the first ten homes to be completed on or before December 31st of this year. Habitat is developing the housing at a rate of approximately 10 homes every quarter. With close coordination and assistance with any regulatory issues that may arise in the development process, Habitat is committed to complete all 52 homes by January 2008. Phase II of the project is scheduled to be advertised at the end of September and will move forward pursuant to the following schedule:

- Executed A/E Contract for Design Criteria Professional Services: 07/2006

- Remaining Demolition for Sectors II & III: Ongoing to be completed by March 2007
- Procurement & Award of Design/Build Contractor: 09/2006 – 06/2007
- Completion of Plans & Execution of Construction to start in May of 2007 with the completion of the public housing component to occur in summer 2009 and the completion of the homeownership units to occur in the fall of 2010
- Grant closeout will occur at the end of 2010

Due to USHUD requirements, all contracts must be procured through a competitive process, therefore, the project would not benefit from any waivers to this process. Staff has been working very closely with the local USHUD office on budget and schedule revision efforts. The local USHUD office has indicated that they are supportive of our extension request and have agreed to present it the appropriate officials at USHUD in Washington, D.C.

It is important to note that a full complement of staff for the HOPE VI project is required in order to adequately address the day to day monitoring and oversight of the various planning and construction activities.

B. WARD TOWERS ASSISTED LIVING FACILITY (ALF)

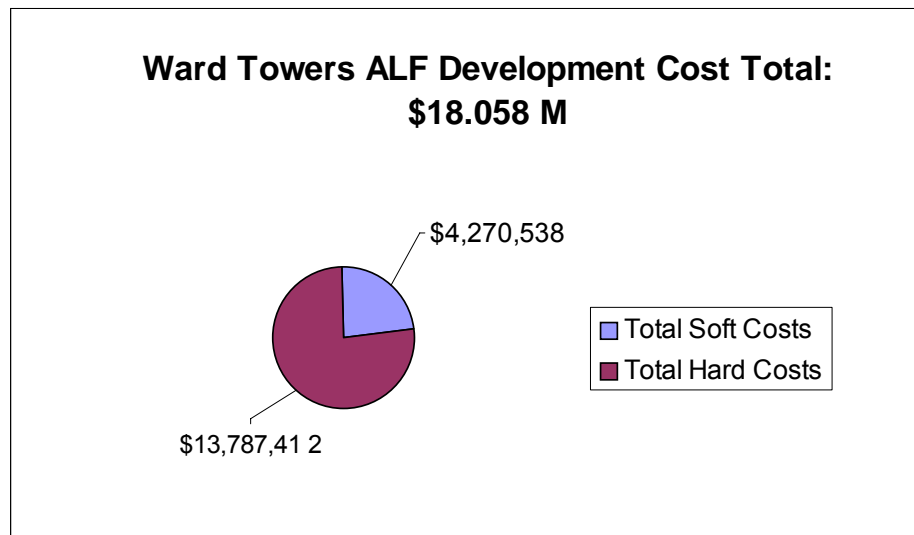
In July 2000, the Board of County Commissioners approved Resolution R-903-00 that authorized the establishment of a Florida not-for-profit corporation, to be known as the MDHA Development Corporation. The intent of this action was to develop, through the use of Low Income Housing Tax Credits and other sources of funding, a state-of-the-art facility catering to the social, emotional and physical challenges of Miami-Dade County's frail and elderly population. MDHA Development Corporation would act as the general partner in a limited liability corporation that would own the facility. This resolution also permitted the following actions:

- the creation of subsidiaries and affiliated entities of the MDHA Development Corporation such as, but not limited to, Ward Towers Assisted Living Facility, LLC, a Florida limited liability company, and Ward Towers Assisted Living Associates, Ltd., a Florida limited partnership and to participate as members, partners or shareholders of such entities;
- the conveyance of land located adjacent to Ward Towers I at NW 54 Street and 22nd Avenue to be used by MDHA Development Corporation as the site of the new Ward Towers ALF;
- the allocation of a maximum of \$4,500,000 of HOPE VI funds from Miami-Dade County to MDHA Development Corporation to be used by MDHA Development Corporation as construction and permanent financing for the Ward Towers ALF to be developed upon the Land;
- the allocation of a maximum of \$6,500,000 of Documentary Surtax funds, over a two-year period, for construction and/or permanent financing of the Ward Towers ALF; and

- the preparation and execution of all documents and agreements necessary to accomplish the purposes of the resolution and exercise any amendments, modifications, cancellations, renewal and termination clauses of any agreements on behalf of Miami-Dade County or the MDHA Development Corporation.

As of this date, the project is pending final close-out and is currently operated as an elderly housing facility, not as an ALF, by MDHA in the role of facility manager under an agreement with Ward Towers Assisted Living Associates, LTD. At the end of August, Independent Living Systems, an elderly care provider, received its license to operate 15 beds at Ward Towers as an ALF. All equipment at the site needed to operate as an ALF, including the community kitchen, has been inspected and ready use since May.

The *Miami Herald* reported that the facility is plagued with significant building deficiencies. In fact, while there are some building deficiencies that need to be addressed as part of the close-out of the project, the current conditions of the facility do not impede the residents' ability to live in a clean and safe environment. Furthermore, the facility is currently being maintained by MDHA. **Figure 2** below contains a break-out of total development costs for the Ward Towers ALF project.



Areas of Deficiency

Since the completion of the facility, the Project Manager, (provided by MDHA to the Ward Towers Ltd. Partnership as an independent contractor with expenses to be reimbursed to Miami-Dade County) has issued a substantial punch list for the project. Some of the items were addressed by MDHA at the time that it became the manager for the facility through the use of MDHA crews. The outstanding items include, but are not limited to:

- Hurricane damage to the entrance roof
- Cracks and discoloration of sidewalks
- Therapeutic Pool-- This amenity has not been completed, however, it is located in an enclosed area behind locked doors thereby not creating a safety hazard to anyone walking in the courtyard area.

- Retrofitting of ten units on the first floor to meet Uniform Federal Accessibility Standards (UFAS) - UFAS are standards for the design, construction and alteration of buildings so that physically handicapped persons will have ready access to and use of them in accordance with federal regulations. These standards are applicable to Ward Towers due to the HOPE VI grant that provided funding to the project; therefore, HUD requires that ten percent of the units in the facility (ten units) meet UFAS. Such alterations may include retrofitting of the kitchenettes, bathroom and entrances.
- Building Leaks - The facility manager has indicated that there are areas of the buildings where leaks are occurring. These leaks may be coming from the roof and/or may be caused by windows that were either poorly caulked or not caulked at all. Correction of this deficiency would require an inspection of the roof and all windows and repairs where needed.
- Microwave Ovens - Each unit is supposed to have a microwave oven. The cost of installing microwaves in all 100 units, depending on the size of the oven to be purchased, ranges from \$6,000 to \$11,000.

Recommended Course of Action

Due to the legal and organizational structures established for the financing of this facility, the County does not own the land or the building and its only official role is that of facility manager. The project management services provided by the County were carried out by County staff acting as independent contractors, thereby limiting the County's liability. Acting in this capacity, the project manager would sign off on all payment requests along with the Design Criteria Professional. Furthermore, the County was to be reimbursed for the cost of the County staff acting in the project management capacity. To date, the County has not been reimbursed and is owed approximately \$500,000. Finally, the agreement under which these services were to be provided by the County expired 30 days after the issuance of the Certificate of Occupancy (issued June 2005).

In order to close out the project, the following four events must occur by February 1st, 2007:

1. Complete negotiations with Delant Construction for resolution of pending change orders and Request for Payment # 42;
2. Upon resolution of #1 above, Delant has indicated that they will complete the pool;
3. Obtain the tax credit proceeds; and
4. Pay down the bonds.

In the worst case scenario, the cost estimate for the completion is approximately \$2.6 million. This amount breaks down as follows:

- \$800,000 - final construction payment (included in the construction contract)
- \$900,000 - disputed change orders (final value to be negotiated)
- \$900,000 - reduction in tax credits due to time delays

OCI and MDHA staff have reviewed the pending payment request and other change orders. Based on their reviews, it has been determined that the majority of Payment #42 should be released. The contractor has agreed to accept partial payment provided that the disputed change orders will be negotiated.

While funds are available for the final construction payment, additional funds will be required to cover the negotiated cost of the change orders and the reduction in tax credits. An item will be prepared for the Board's consideration.

C. DEVELOPMENT OF NEW PUBLIC HOUSING WITHIN EXISTING PUBLIC HOUSING SITES

MDHA controls substantial land that is currently being used for public housing. In an effort to maximize the value of the properties, staff is reviewing several housing sites to determine whether additional housing can be developed within the properties. In addition to maximizing the properties, placing additional facilities within the sites will make more efficient use of the Agency's management capacity as well as providing housing in neighborhoods where it is most needed. Some of these properties are already under consideration in the GOB. The properties that are under review are listed on **Attachment HD1**.

D. NEW ADMINISTRATION BUILDING FOR MDHA

In 2003, the Board approved Resolution R-747-03 authorizing a lease agreement with Hometown Station, Ltd. (HTS) for the development of a MDHA administrative building at the South Miami Metrorail Station. Subsequent to the Board's approval of the lease agreement, \$5 million of Surtax funds were transferred to the developer as an equity payment for construction of the project.

As of August, little had been done at the construction site. As a result, Senior Advisor Cynthia Curry and Assistant County Manager Roger Carlton were tasked by the County Manager to confer with the developer to determine how the project could be expedited.

After discussions with staff from Miami-Dade County's AMS, GSA, and the County Manager's Office, it was concluded that it was in the best interest of the County to seek repayment of the \$5 million equity transfer. In the County Manager's July 28 memorandum, the Board was advised that staff had negotiated a proposed settlement agreement with Hometown Station (HTS). The County Manager had also requested tasked Audit and Management Services (AMS) with auditing HTS, and reviewing how they used the equity advance. That audit is in its final stages, and although the original intent was to present the settlement agreement to committee in September, the County Manager has requested that this action be delayed until the audit is concluded.

As an alternative to the South Miami Station location, staff is currently evaluating other options including property located within the MDHA Central Campus located on NW 7 Street. A portion of this property currently houses several buildings that are over 40 years old and require substantial rehabilitation. Staff is evaluating this site to determine

if it is feasible to develop a new building at this location in lieu of performing the substantial rehabilitation. As an interim solution, it may also be necessary to temporarily relocate MDHA offices. The MAT is working with GSA to explore options and advance a plan to address both immediate and longer term needs.

X. AFFORDABLE HOUSING DEVELOPMENT OPPORTUNITIES

This section addresses a variety of additional housing development opportunities that will guide the development activities at MDHA, including the Affordable Housing Master Plan, Building Better Communities General Obligation Bond (GOB) Program, and Transit-Oriented Development.

A. AFFORDABLE HOUSING MASTER PLAN

Miami-Dade County has been undergoing a housing development boom since 2002. This boom has resulted in an imbalance in our community and has created a housing affordability crisis. While new housing is being produced, these new developments are not meeting the current market demand in Miami-Dade County. The majority of new developments are not targeting low and moderate-income households or the working middle-income households. Furthermore, with the increase in the price of single-family housing, the rental multi-family market has also been greatly impacted as well due to low inventory, high demand, and monthly rent increases. As a result, an inflated housing market has been established, thus creating gaps and impacting affordability. In addition, the condominium conversion boom has created a market with too much supply that is not affordable to the low-to-moderate families. All of the above had and continues to have a tremendous impact on our labor force and the Miami-Dade County community.

It is imperative that the County do more to plan, create and preserve units of affordable housing over the next 15 years. The development of a Housing Master Plan to boost the stock of affordable housing is critical to the growth and sustainability of our working class. The Housing Master Plan will pioneer new tools and incentives to create affordable housing. These new strategies are part of the County's larger goal to shift the focus of our affordable housing community from preserving the properties taken into county ownership through tax foreclosure, to developing unprecedented levels of new affordable housing. The County will leverage the power of the public and private sectors and increase the number of units created on private land or preserved in privately owned buildings. The key goals of the plan are to:

- find and acquire land for affordable housing;
- create incentives to develop housing for new populations;
- harness the private market to create affordable housing;
- preserve government-assisted affordable housing.

Attachment AHD1 is the Draft Scope of Services for procuring a consultant to prepare the Miami-Dade County Housing Master Plan.

B. BUILDING BETTER COMMUNITIES GOB PROGRAM

In 2004, County staff recognized that while the housing market development renaissance would continue, the likelihood of high appreciation levels for investors in the development industry would decline. Nevertheless, the issue of housing attainability was going to become a critical issue for the Miami-Dade County community. Therefore, the Board of County Commissioners took proactive measures and proposed to include language in the 2004 Building Better Communities GOB Program supporting the development of affordable housing for homeownership and leasing. The following questions were placed on a ballot for the electorate:

“To construct and improve affordable housing for the elderly and families to encourage home ownership through the acquisition, construction and renovation of residential units, described in Resolution No. 918-04, adopted July 20, 2004, shall Miami-Dade County issue General Obligation Bonds to pay cost of such projects in a principal amount not exceeding \$194,997,000 bearing interest not exceeding maximum legal rate, payable from ad valorem taxes?”

Miami-Dade County voters approved the above referenced ballot question supporting the construction and improvement of housing for the elderly and families. The following County-controlled public housing properties were approved by the voters to receive GOB funds, thus increasing the number of available units for the elderly and families.

Development of New Rental Housing – GOB Affordable Housing

- 1 New Elderly Units at Joe Morretti (SW 5 Avenue and 6 Street)
Construct a minimum of 100 units; \$9.4 million of GOB funds earmarked
- 2 New Elderly Units at Dante Fascell (2929 NW 18 Avenue)
Construct a minimum of 30 units; \$3 million of GOB funds earmarked
- 3 New Elderly Units at Three Round Towers (1661 NW 28 Street)
Construct a minimum of 100 units; \$9.4 million of GOB funds earmarked
- 4 New Family Units at Annie Coleman (NW 25 Avenue and 58 Street)
Construct a minimum of 24 units; \$2.5 million of GOB fund earmarked
- 5 New Family Units at Lincoln Gardens (NW 46 Street and 24 Avenue)
Construct a minimum of 36 units; \$3.4 million of GOB fund earmarked
- 6 New Elderly Units and Elizabeth Virrick 1 (1615 NW 25 Avenue)
Construct a minimum of 51 Units; \$4.6 million of GOB fund earmarked

Staff is currently developing feasibility studies for each development project to determine if additional units can be developed and identifying sources of funding for the additional units. Additionally, the electorate approved the following item under the above referenced ballot question for supporting Affordable Housing:

“Preservation of Affordable Housing Units and Expansion of Home Ownership; Countywide; Construct a 350 to 450 units and provide a minimum of 400 to 500 first and second mortgages to low and moderate income families as a means to expand home ownership opportunities; GOB funds earmarked -\$137.7 Million”.

Since the approval of the ballot questions, staff has worked with the County Attorney’s Office to develop the proper implementation plan for achieving the objective of preserving affordable housing units and expanding home ownership opportunities. After numerous consultations, it has been determined that GOB proceeds under the Preservation of Affordable Housing Units and Expansion of Home Ownership can be used for the following:

- land and building acquisition
- renovation of an acquired/existing building for rental or homeownership
- construction of both new rental and homeownership units.
- Based upon these criteria, management is exploring using a Request for Application process to disburse a portion of the GOB funds earmarked for Preservation of Affordable Housing Units and Expansion of Home Ownership.

The following attachments will be utilized by staff as they evaluate projects:

- **Attachment AHD2** - Administration of the GOB Affordable Housing Program
- **Attachment AHD3** - Guidelines for Proposals for GOB Affordable Housing Program
- **Attachment AHD4** - Policies and Procedure for the Resale of a House or Rental Development financed with GOB Affordable Housing Funds

All affordably priced housing units constructed and/or renovated with GOB funds have a control period of 30 years for homeownership and 15 years for rental units.

Staff is evaluating properties that are currently on the market for sale. Some of these units operated as tax credit properties whose tax credits are expiring. Others are properties that operate as affordable housing and are on the market for other reasons. As a means of preserving and creating affordable housing units, these properties are being pursued by GSA.

C. TRANSIT- ORIENTED DEVELOPMENT

In exploring new strategies to maximize the use of publicly-controlled property, the concept of mixed-use developments has been implemented in numerous urban

communities. Because of the lack of large land parcels in the urban core for affordable housing developments, we are exploring the development tool of Transit-Oriented Development (TOD) as a mechanism to address our affordable housing crisis. The purpose of TOD is to reduce the use of single-occupant vehicles by increasing the number of times people walk, bicycle, carpool, vanpool, or take a bus, or rail. It does this by bringing potential riders closer to transit facilities rather than building homes away from population centers, which makes people more dependent on roads and automobiles. TOD makes transit investments work more efficiently by putting more riders on existing bus routes and other transportation corridors.

To reduce external trips, TOD projects should be located in higher-density, mixed-use, urban pedestrian districts with high-quality transit service. External single-occupancy vehicle (SOV) trips can be reduced as much or more by people walking within a mixed-use urban district as they can by using transit within and between urban centers.

To be most effective, TOD should be “urban” even in a suburban setting. Pedestrian-scale design draws people to return repeatedly. Urban development supports transit; suburban development does not. Once that idea takes hold in a community, it becomes a powerful motivator for changing the built environment. The concept includes mixed-use, higher-density buildings at the sidewalk; less private and more public open space; smaller blocks; narrow streets with wider sidewalks, street trees and lights; lower parking-to-occupant ratios; shared parking; parking behind buildings; and on-street parallel parking.

Staff has met with the MDTA Director to discuss opportunities for mixed-use developments on Transit-owned property. As we move forward, MDTA is committed to providing opportunities to develop housing in and around transit nodes, thus increasing the opportunity for the public to utilize public mass transportation. The following Metro-Rail sites and future Metro-Rail sites have been identified by MDTA as opportunities for TOD's:

- Palmetto/Medley Metro-Rail Station
- Okeechobee Metro-Rail Station (Development Rights have been awarded to Jubilee Community Development Corporation)
- Hialeah Metro-Rail Station
- Northside Metro-Rail Station (Development Rights have been awarded to Metro-Miami Action Plan)
- Brownsville Metro-Rail Station
- Earlington Heights Metro-Rail Station
- Vizcaya Metro-Rail Station
- Coconut Grove Metro-Rail Station (Development Rights have been awarded to a For-Profit Developer)
- Douglas Road Metro-Rail Station
- South Miami Metro-Rail Station (Development Rights have been awarded to a For Profit Developer)

- Future North Dade Metro-Rail Station Expansion from 82nd Street and 27th Avenue to Countyline Road and 27th Avenue; Projected four (4) Transportation Nodes along this expansion
- South Dade Busway Expansion

These opportunities will be managed via a competitive process by MDTA.

Why Transit-Oriented Developments?

Housing Preferences Are Changing: Demand is changing dramatically because of profound demographic shifts, including the aging of baby boomers, the number of new immigrants, and the fact that younger adults prefer urban, mixed-use environments. While two-thirds of demand is still for large single-family dwellings, a third is for smaller housing choices, including apartments, town homes, live-work spaces, and bungalows. The market isn't meeting this demand, and the increasing competition for units in denser, mixed-use neighborhoods has caused a cycle of price increases, displacement and gentrification. There is an urgent need to increase this housing stock in order to meet market demand and protect and expand the affordable housing inventory.

Workers and Firms Prefer "24-Hour Neighborhoods": In the past companies have preferred suburban campus environments near freeways, and regions have lured employers without regard to bigger picture development goals. Now other issues are coming into play, including the rise of the "creative class," and the increasing importance of talent, technology and tolerance in a region's economic development strategy. Because firms are chasing talent, which is choosing to locate in diverse, lively urban regions, firms now prefer these locations. This is very good for the Miami-Dade County region.

Rail and Bus Systems Are In A Building Boom: More regions are developing mass transit and more consumers are choosing mass transit over driving on congested roadways. Whereas public transit had existed primarily in older Northeastern cities, cities like Dallas, Denver, Salt Lake City, Sacramento, Charlotte, San Diego, Portland and San Jose have emerging mass transit systems. MDTA's People Transportation Plan expansion offers great opportunities for Transit Oriented Developments along the North and East/West Metro-Rail expansion and the South Dade Bus way expansion.

At the convergence of these three trends is an opportunity to create the armature for a new growth and development strategy that meets the demand for location-efficient mixed-use places, supports regional economic growth strategies, and increases housing affordability by increasing supply in neighborhoods with lower transportation costs.

D. SURTAX PROJECTS

The *Miami Herald* article created an impression that few privately developed Surtax-funded housing projects had been completed. In fact, over the last five years over 9,442 units, both rehabilitation and new construction have been completed by private developers. Furthermore, the practice of utilizing Surtax as a source of funding for these projects provides for a very cost effective mechanism for leveraging State funding which is available to private developers through the issuance of low-income housing tax credits. Currently, there are over 5,197 units under construction, with 949 scheduled for completion within the next six months.

Staff is currently reviewing options for maximizing the use of Surtax funds to fast-track the development of affordable housing units. The first option is to issue bonds secured

by a portion of Surtax revenues: however, this would require that funds be paid back with future Surtax collections (debt service payments). A more viable option would be to create an insurance or guarantee fund capitalized with Surtax collections. This fund could be modeled after the Florida Housing Guarantee Fund and could be used to provide an additional level of security (credit enhancement) to lenders. The guarantee fund would allow private developers to secure first mortgage funds with less demanding loan underwriting requirements than are typical, because the guarantee fund would be taking the first level of risk. Staff will continue to review these options, and recommendations will be presented to the Board for consideration.

E. REDUCING PROPERTY TAX VALUATIONS ON NON-LIHTC AFFORDABLE HOUSING

The duties of each county's Property Appraiser are governed by State statutes and Florida Department of Revenue regulations. The narrow legal framework within which the county Property Appraisers must carry out their responsibilities severely limits their ability to provide tax relief beyond that authorized by law. However, in an attempt to provide property owners with every possible option when contemplating the use of their property as affordable housing the Property Appraisal Department, through consultation with MDHA, the Tax Collector's Office of the Finance Department, the Department of Planning and Zoning and the County Attorney's Office, has determined that under certain circumstances reduced assessment valuations affordable housing units that do not receive Low-Income Housing Tax Credits (LIHTC) are legally permissible.

Therefore, in order to encourage the retention and provision of affordable housing in Miami-Dade County while complying with applicable Florida property assessment laws, the Property Appraisal Department is finalizing a program that may provide adjusted property assessment valuations for certain affordable and workforce rental housing properties that are not qualified for other specific statutory assessment relief.

The owner of such a property would be required to enter into a legally sufficient land use restriction in favor of the County, limiting all or a portion of the property to rental rate or sales price restrictions for a minimum of five years. The assessment value of such a property as of the assessment date (January 1st) immediately following the execution of the land use restriction will reflect the limitation on the highest and best use of the property.

XI. COMMUNITY OUTREACH AND PARTICIPATION

This section describes the various vehicles being employed to engage participation from stakeholders in addressing the current crisis in affordable housing and in communicating with Miami-Dade residents and MDHA stakeholders regarding current concerns over MDHA.

A. COMMUNITY AFFORDABLE HOUSING STRATEGIES ALLIANCE (CAHSA)

On May 9, 2006 the CAHSA Task Force was established by the Board of County Commissioners (R-558-06) to assist in addressing the housing crisis in Miami-Dade County. The Board unanimously passed the resolution which not only assigned specific task and responsibilities to the Task Force, but ensured participation from a broad cross section of the community by including a list of organizational members. (See **Attachment CO1** for the complete Resolution with the list of member organizations.)

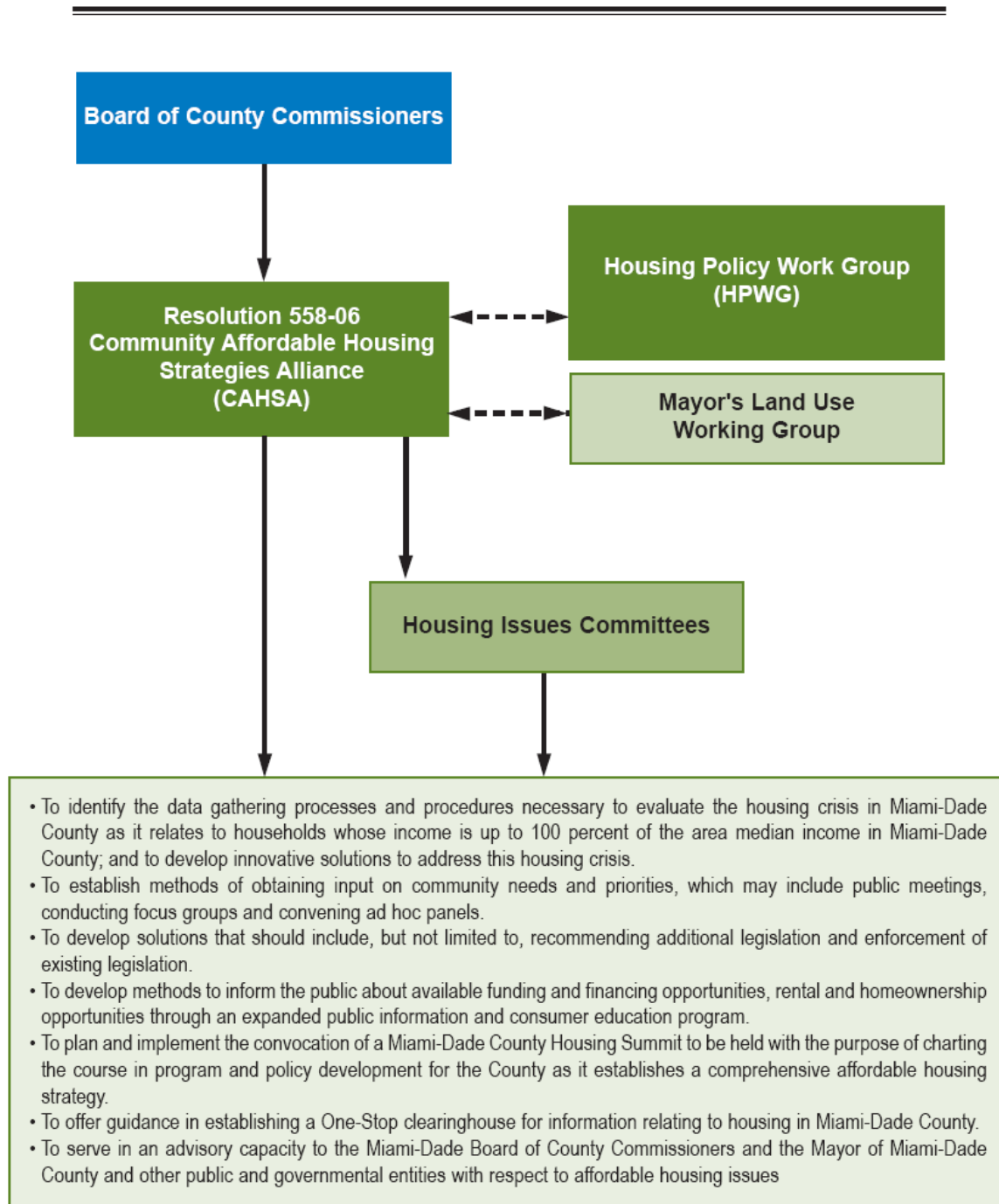
The CAHSA Task Force is serving as an effective platform to focus much of the thinking taking place at the County on the issue of affordable housing. The CAHSA process has incorporated the work of the long standing Housing Policy Work Group (HPWG) as well as establishing a nexus of coordination between the Mayor's land use group and the other CAHSA committees (see **Diagram 1**).

The charge of the Task Force is rather specific. While the broader agenda of the Task Force is to examine the current state of the data, policies and initiatives driving the housing conditions in Miami-Dade, the Task Force was entrusted with the following specific duties, functions and responsibilities:

- To identify the data gathering processes and procedures necessary to evaluate the housing crisis in Miami-Dade County as it relates to households whose income is up to 100 percent of the area median income; and to develop innovative solutions to address this housing crisis.
- To establish methods of obtaining input on community needs and priorities, this may include public meetings, conducting focus groups and convening ad hoc panels.
- To develop solutions that should include, but not limited to, recommending additional legislation and enforcement of existing legislation.
- To develop methods to inform the public about available funding and financing opportunities, rental and homeownership opportunities through an expanded public information and consumer education program.
- To plan and implement the convocation of a Miami-Dade County Housing Summit to be held with the purpose of charting the course in program and policy development for the County as it establishes a comprehensive affordable housing strategy.
- To offer guidance in establishing a one-stop clearinghouse for information relating to housing in Miami-Dade County.

Diagram 1. Coordination of CAHSA with other Bodies

Affordable Housing Initiatives



- To serve in an advisory capacity to the Miami-Dade Board of County Commissioners and the Mayor of Miami-Dade County and other public and governmental entities with respect to affordable housing issues.

At its official inauguration on June 15, 2006 the CAHSA Task Force members established nine committees and agreed upon a fast track schedule of meetings and activities. (See **Attachment CO2** for a complete list of the committees and their mission.) Each committee agreed to meet at least once a month until October 2006 in order to fully consider the topics identified as critical to the resolution of the housing crisis facing our community.

- During the first meeting, held in July, each committee agreed to define the most problematic issues within their area of concern and to prioritize their importance.
- The goal of the second meeting, held in August, was to evaluate the data available to policy makers as well as to analyze the current state of policy in the specific area of concern to each committee.
- During the upcoming September meeting, each committee will submit recommendations, pilot projects and policy adjustments to the full CAHSA Task Force for consideration.
- The October meeting will allow each committee to summarize its work and submit a committee report to the CAHSA Task Force.

A draft report of the activities of the CAHSA Task Force will be prepared by the end of October and submitted to the Board of County Commissioners in November. A community forum on the work of CAHSA is scheduled for November 11, 2006.

B. AFFORDABLE HOUSING RESOURCE AND INFORMATION CENTER

The creation of an Affordable Housing Resource and Information Center has always been a goal of the County Manager. To this end, wheels were set in motion in April to develop a one-stop information web portal that would serve as the first step in establishing an information center. Through this one-stop portal, renters, potential owners, lenders, developers, employers and other community groups and organizations will have access to the broad array of data, programs and opportunities provided by the County and its partners to address the affordable housing crisis in our region.

The Affordable Housing Information Clearinghouse builds upon the work already initiated in 2001 by the Department of Planning and Zoning (DP&Z). On July 24, 2001, the DP&Z was directed by the Board, under Resolution R-870-01, to develop a housing data clearinghouse. The initial purpose of the Clearinghouse was to assemble, produce, and provide easy access to data on government-assisted housing supply from a variety of sources that include the U.S. Census and federal, state, and locally-funded programs. The DP&Z has done an excellent job establishing and maintaining the Housing Data Clearinghouse to date.

Since April 2006, the Clearinghouse design team has engaged all County departments providing any type of housing assistance in the process of updating and centralizing

housing information to ensure a comprehensive and current information base. Each department has completed detailed questionnaires about their interactions with residents and their needs expressed through these interactions. This information is being used to establish a portal design that will meet the needs of the various constituencies in the most user friendly fashion possible. As an added and valuable feature, the County is in the process of partnering with SocialServe.com to provide easy access to housing vacancies and services in our community. SocialServe.com also provides a fully-staffed toll free English/Spanish Call Center that helps landlords list and helps tenants search for properties while providing continuous property availability updates.

One of the responsibilities assigned to the CAHSA Task Force was to “offer guidance in establishing a one-stop clearinghouse for information relating to housing in Miami-Dade County.” In this way, the work of CAHSA is being integrated into the design of the Affordable Housing Information Clearinghouse and will work to increase its visibility and functionality.

The Affordable Housing Information Clearinghouse will be designed to address the needs of the various constituencies requiring accurate information and timely responses from our County agencies:

- *Residents* having questions regarding the types of units available through an array of housing programs will be able to find information quickly through this portal.
- *Developers* interested in exploring joint development projects, infill housing opportunities, financing programs to support development and other services with the County will be guided through the process by accessing the Clearinghouse.
- *Potential homeowners* seeking information about housing costs, comparative information, or financing opportunities available will be able to access this kind of information.
- *Employers* will be able to use the portal to guide present and future employees through the myriad of housing opportunities

Working in conjunction with all of our housing partners, the Clearinghouse will be shaped by the needs of our community and the expertise of our County officials. By October 31, when the CAHSA Task Force fulfills its preliminary reporting responsibilities, the Clearinghouse will be operating as an integral part of our broad strategy to address the affordable housing crisis in our community. The County Manager’s Office, in cooperation with the Chief Information Officer and the Government Information Center (GIC), will continue to develop this initiative and to ensure that it meets the expectations of our housing partners.

Once the Affordable Housing One-Stop Information Web Portal (Clearinghouse) is complete, and dedicated staff has been fully trained and educated about all of the housing programs and services throughout the community, the web-based clearinghouse will transition into a support network to the 311 Answer Center, thereby establishing the Affordable Housing Resource and Information Center.

C. OTHER COMMUNITY OUTREACH EFFORTS

The County Manager, Senior Advisor Cynthia W. Curry and members of MDHA's MAT have made a series of public appearances in person and on English- and Spanish-language media (**Attachment CO3**) to hear and respond to the concerns and questions of citizens in general and direct stakeholders in particular (residents of public housing, Section 8 voucher recipients, various concerned community groups, etc.). With the assistance of the Communications Department and the Office of Community Relations, the South Florida Community Development Coalition co-hosted and moderated two community meetings (August 15, Caleb Center and on August 17 at the South Dade Government Center). The County Manager, Senior Advisor Curry and a panel of MDHA MAT members participated on the forum that answered questions from attendees. Staff compiled the comments from these meetings. These are included in **Attachment CO4** along with a copy of the meeting flyer that was distributed. These community activities were effective in allowing portions of the community to address their concerns directly to government representatives.

In addition, the CAHSA committee in charge of organizing the community Summit scheduled for November 11, 2006, is planning three community events in October, in cooperation with the Public Information and Education Committee. In this fashion, the work of the CAHSA Task Force will stay in touch with community concerns and will be able to better advise the Board of County Commissioners on possible courses of action to address the current housing crisis.

XII. HOUSING, ECONOMIC DEVELOPMENT AND COMMUNITY SUPPORT SERVICES RESTRUCTURING CONCEPTS

In order to maximize county resources in the delivery of services to the public, a change in the way we do business is required. This change will address the need to develop a more effective and integrated service delivery system for housing. The MAT has encountered many complex relationships across the spectrum of services. It is clear that some of these relationships must be realigned so that mission critical objectives can be met. To achieve these organizational goals, the following realignment of services are recommended for implementation over the next fiscal year:

Part One

Explore the creation of a **Department of Housing and Community Support Services** to include the following program elements which encompass the services of three County departments, MDHA, DHS, and CAA. The following programs would be incorporated into the new department:

- Affordable Housing Resource and Information Center (MDHA)
- Public Housing Services/Maintenance and Rehab (MDHA)
- Private Rental Housing Services (MDHA)
- Proposed Local Housing Subsidy Program (MDHA)
- Boarding Home Assistance (DHS)
- Emergency Relocation Assistance (DHS)
- Employment and Training (DHS)
- Greater Miami Service Corps (CAA)
- Emergency Financial Assistance (DHS)
- Energy Programs (CAA)
- Home Rehabilitation, Repair and Hazard Mitigation Programs (CAA)
- Self Help Institute (requires discussion with the CAA Board)

Part Two

Explore the creation of an **Office of Development Services (ODS)** that would be tasked with oversight of major development activities throughout the County, with the mandate of expediting all elements of the development process to produce affordable housing, and other public projects and facilities. Although MDHA will continue to address the rehabilitation, maintenance, and development of its housing stock, ODS would have a dedicated housing development focus that would address public and private affordable housing projects. The Surtax Program, specifically the construction lending and development component, currently being administered by the Finance Department,

would be housed in this office. The Metro-Miami Action Plan (MMAP) Surtax Program and OCED housing development finance activities would be coordinated with the Office of Development Services, allowing for more effective leveraging of housing development financial resources, unified reporting and monitoring, and a more user friendly delivery of services in this area.

Part Three

Explore the reorganization of the OCED and initiate discussions with other neighborhood and community planning initiatives such as the MMAP, the Empowerment Trust (ET), the Task Force on Urban Economic Revitalization (UERTF), and the Socio-Economic Development Council (SEDC).

Part Four

Enhance existing homeownership program services provided by the Housing Finance Authority by adding the Surtax Second Mortgage Homeownership and Rehabilitation Program currently administered by the Finance Department to the portfolio of the Authority. Other components of the Surtax Program such as loan servicing and compliance are under consideration for outsourcing.

ADDENDUM: STATUS OF AFFORDABLE HOUSING PROJECTS

This addendum provides a recap of major affordable housing development initiatives under the Surtax and Infill Housing Programs. It also summarizes the status of the loans made to developers under the Fannie Mae Line of Credit, and the status of MDHA Development Corporation projects.

BACKGROUND

Affordable housing development financing in Miami-Dade County has traditionally been provided through Surtax funds. The Surtax program, established in the 1980s, has been instrumental in the development of thousands of affordable homes, as well as, in the financing of second mortgages to assist homebuyers who could not otherwise finance their first home on the private lending market. More recently, resources for affordable housing development were supplemented by a one-time line of credit of \$5 million from Fannie Mae and the implementation of the Infill Housing Program. These three sources, through the provision of funding and land, support the development of affordable housing by private and non-profit developers to meet the housing needs of Miami-Dade County residents.

While it has been recognized and acknowledged that much-needed remediation was required to salvage and overhaul the Infill Housing Program, and legal measures were needed to enforce non-performing developers who received loans under the Fannie Mae Line of Credit, there is no doubt that since 2003 a significant amount of affordable housing has been built.

In contrast to subsidized housing, which is principally funded by USHUD and targeted to households earning 50 percent or less of area median income, affordable housing is generally defined as homeownership for families up to 120 percent of area median income. The **Table 15.** summarizes projects completed or in progress under various affordable housing programs since 2003. Going forward, an update on the production of affordable housing units will be provided to the Board on a quarterly basis.

Table 15, Summary of Completed and In-Progress Affordable Housing Since 2003

Program	Completed	In Progress
Documentary Surtax	4,195	3,834
Infill Parcels	131	278
Fannie Mae	45	27
MDHA Development Corp.*	100	not available
	4,471	4,139

DOCUMENTARY STAMP SURTAX

From 2003 to the present, 4,195 units of new housing in 22 projects were completed using \$54.3 million in Surtax funds. Another 71 projects are open on-going developments of new homeownership or multi family rental units. These 71 projects have contracts to produce 3,834 units of new housing. When completed, over 8000 units of new housing will be produced using Surtax funds since 2003. See **Attachment DLAD2 for detailed outstanding loan commitments.**

Table 16. Summary Data on Surtax Units Produced Since 2003

PROJECT STATUS (2003-present)	UNITS	AWARDED	DRAWN
Completed/Closed	4,195	\$54,302,542	\$54,302,542
Open/On-going Projects	3,834	\$75,338,450	\$23,828,367
Cancelled/Recaptured	-	[\$28,965,000]	\$1,676,551*
Total Units Built and Projected	8,029	\$83,267,542*	\$45,466,215

* Draws for Rivers Development Group (Oscar Rivero): \$816,322 for Las Rosas and \$860,229 for Riverside Homes; on 8/17/06, \$930,401.92 was repaid for Las Rosas including interest.

INFILL HOUSING DEVELOPMENT

Since 2003, 131 affordable homes have been built through the Infill Housing program on former County-owned parcels that were either bid or conveyed. An additional 38 are presently under construction with targeted completion within the next six months. Construction has not commenced for 299 parcels, of which 240 are pending construction, and 59 lots are being recommended for return to the County. Reversion action is beginning the week of September 4, 2006, with the consummation of reversion as soon after September 30, 2006 as possible. **See attachment IHP7 for a detailed breakdown of Infill lots by status.**

FANNIE MAE LINE OF CREDIT

Nearly \$5 million in Fannie Mae funds were disbursed to six developers by MDHA. Since 2003, three of the six, Personal Paradise, Better Homes and Fortex Construction, have produced 45 homes, with 27 more targeted to come on line. The remaining three developers, Riverside Homes, Infill Development, and Citywide Development Corporation, produced no homes. Citywide Development Corporation returned the Fannie Mae funds, while Infill Development has entered into a court-approved settlement. The County Attorney's Office is proceeding with foreclosure action to recoup the Riverside Homes funds which total \$512, 236 from this source of funding. **The details are found in Table 6 in the DLAD section of this report.**

MDHA DEVELOPMENT CORPORATION

Since its inception in 2000, the MDHA Development Corporation has been awarded over \$37.2 million by the Board of County Commissioners. The projects that have been awarded to the MDHA Development Corporation have been identified on the table

below. With the exception of Ward Towers, an elderly housing development that houses 100 public housing residents, the MDHA Development Corporation has not produced any units of housing. Regarding Smathers Plaza, one of the projects listed below, staff was recently advised by the FHFC of the de-obligation of \$3 million demonstration loan awarded to the project in 2002. The issue was a lack of progress on the project and no indication that the situation would improve. This funding is not reflected in the table below.

Table 17. MDHA Development Corporation Status of Projects

PROJECT	RESOLUTION	ACTION APPROVED	COUNTY FUNDING	SOURCE	FUNDS DISBURSED	STATUS, ISSUES AND COMMENTS
Ward Towers Assisted Living Facility (ALF) 5400 NW 22 Avenue	R-903-00 7/25/00 Supplemental Memo 7/31/00	Creation of not-for-profit corporation and allocation of funds for construction & financing of ALF Availability of LIHTC for development of ALF	\$4,500,000 \$6,500,000 \$833,200	HOPE VI 2002 Surtax CFP Replacement Housing Funds	\$4,500,000 \$6,500,000 \$833,200	100 units
Smathers Plaza*** 935 SW 30 Avenue	R-1354-01 12/4/01 R-610-03 6/3/03	Leased land at existing public housing site for \$10 per year for development and operation of ALF Amended R-1354-01 and authorizes \$3 million in Surtax	 \$3,000,000	 2003 Surtax	 -0-	105 units ◦ HUD's authorization for disposition of property is outstanding issue ◦ MDHADC negotiating with other developers for development; no other progress
Bird Road Elderly Park & Ride Housing SW 89 Avenue & Bird Road	R-289-02 3/26/02	Allowed MDHADC to develop elderly housing and park & ride facility	\$2,800,000**	2004 Surtax	\$1,501,000	40 units ◦ Known as Senator Villas ◦ Architect & engineering design in progress
Gran Via elderly Housing Park & Ride SW 127 Avenue & 8 th St.	R-493-02 5/21/02 R-921-03 9/9/03 R-1336-05 12/6/05	Allows MDHADC to develop housing on transit site Allocated \$2 million in Surtax Allocated \$2.5 million in Surtax	 \$2,000,000 \$2,500,000	 2003 Surtax 2005 Surtax	 -0- -0-	54 units ◦ Negotiating with co-developer (Carlisle) for assistance in application of multi-family mortgage revenue bonds & rental Recovery Loan Program ◦ Project in design phase with earliest move-in – Fall 2008
Town House Villas (JPM) 3931 NW 183 St.	R-495-02 5/21/02 R-160-05 2/1/05	Conveyed land for redevelopment of former public housing as affordable rental housing	\$2,000,000 \$1,000,000	2002 Surtax 2005 Surtax	\$2,000,000 -0-	128 units ◦ also known as JPM Center ◦ Limited liability company established for development ◦ Demolition complete; design finalized
Wellness & Community Center 401 NW 3 St.	R-487-02 5/21/02	Conveyed parcel to be developed as a wellness & community center	\$435,680	2002 Surtax	-0-	◦ Site considered historic; project cancelled
Affordable Rental Housing 11010 Pinkston Drive	R-1310-03 12/4/03	Conveyed 3.09 acres of County land for development of affordable rental housing and \$2 million in Surtax	\$2,000,000	2004 Surtax	-0-	Unspecified number of units ◦ MDHADC requested extension in construction start date ◦ Joint venture with SBC Community Development Corp. of Richmond Heights

Table 17 (cont'd). MDHA Development Corporation Status of Projects

PROJECT	RESOLUTION	ACTION APPROVED	COUNTY FUNDING	SOURCE	FUNDS DISBURSED	STATUS, ISSUES AND COMMENTS
Kendall Assisted Housing SW 88 St. & 157 Avenue	R-722-04 6/8/04	Allocates \$1 million in Surtax	\$1,000,000	2004 Surtax	-0-	200 units ◦ Award of \$1 million rescinded
68 Parcels for Infill Housing	R-109-05 1/27/05	Conveyed 68 parcels from Housing Finance Authority for infill housing; waives liens; authorized \$2.5 million in Surtax	\$2,500,000	2005 Surtax	-0-	66 single family homes ◦ 56 parcels transferred 8/25/05 ◦ MDHADC contracted with Red Rock Global as development partner; seeking alternative funding
Elizabeth Virrick I & II Housing	R-998-05 9/8/04	Authorized application to HUD for demolition of public housing for construction of new housing	-0-	-	-0-	◦ County has not transferred land
Various Parcels	R-717-04 6/8/04	Transferred 3 parcels for development of affordable housing: 1 - 550 NW 22 St. 2 - SW 280 St. & 147 Avenue 3 - SW 180 St. & 150 Avenue	-0-	-	-0-	◦ Resolution did not specify specific projects
	R-494-02 5/21/02	Allocated \$6 million in Surtax	\$2,000,000	2002 Surtax	\$2,000,000	◦ District 5
			\$2,000,000	2002 Surtax	\$2,000,000	◦ District 6
			\$2,000,000	2002 Surtax	\$2,000,000	◦ District 10 – Postmaster Apts. – MDHA in negotiation with Pinnacle Housing for development & construction; MDHADC requesting additional \$2 million for project
Lakeside Towers			\$173,999	MDHA	\$173,999	◦ Funds generated from rental property ◦ No agreement between the County and MDHADC

* Low Income Housing Tax Credits

** Contract executed for \$2,000,000

*** Staff has been advised that the FHFC has de-obligated \$3 million demonstration loan awarded to the project in 2002. This funding is not reflected in the table.

County staff, as well as staff from the County Attorney's Office, are in discussions with the MDHA Development Corporation attorney, Executive Director and Board President on a plan to address final disposition on all parcels and funds awarded. The MDHA Development Corporation is currently undergoing an audit by the County's Audit and Management Services Department.

ATTACHMENTS

I. Introduction

Attachment Intro1	Management Assistance Team
Attachment Intro2	Preliminary Report and Status Updates

II. Director's Office

Attachment DO1	Recruitment Brochure
Attachment DO2	Grievance Hearings Reorganization Plan

III. Finance and Administration

Attachment FA1/1a	Summary of Funding for Housing Related Programs
Attachment FA2	Affordable Housing Units by Program and Commission District
Attachment FA3	MDHA's Memorandum of Understanding
Attachment FA4	MDHA's MIS Report
Attachment FA5	Listing of Audit Activities on Record at MDHA Since 1986
Attachment FA6	Observations and Chart Comparing JHA, AHA and THA Agencies with those of MDHA

IV. Development and Loan Administration

Attachment DLAD1	List of Banking Professionals and Their Institutions
Attachment DLAD2	Outstanding Surtax and SHIP Commitments
Attachment DLAD3	Nine Projects Under Critical Review
Attachment DLAD4	Draft of Revised Guidelines
Attachment DLAD5/5a/5b	Model of DLAD's Underlying Assumptions
Attachment DLAD6	Comprehensive Flow Chart of Current Developer Loan Process
Attachment DLAD6a	Proposed Changes to the 2007 RFA Process
Attachment DLAD7	5 Year History of Completed Projects
Attachment DLAD8	Photographs and Data on a Sample of Completed Projects

V. Applicant and Leasing Center

No Attachments

VI. Private Rental Housing

Attachment PRH1	Demographic Breakdown of PRH Clients
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VII. Public Housing

Attachment PH1	Map of Public Housing Developments by Commissioner District and Summary Information with pictures
Attachment PH2	Demographic Information About Public Housing Clients
Attachment PH3	Proposed List of Safety Improvements for Fiscal Year 06/07

VIII. Infill Housing Program

Attachment IHP1	Ordinance
Attachment IHP2	Administrative Order
Attachment IHP3	Request For Qualification (RFQ)
Attachment IHP4	Industry Workshop Held On August 22, 2006 Meeting Agenda
Attachment IHP5	County Deed
Attachment IHP6	Declaration of Restrictive Covenants
Attachment IHP7	Breakdown of Infill Lots by Status
Attachment IHP7	Summary of Infill Lots by Developer

IX. Housing Development

Attachment HD1	List of Properties Under Review
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X. Affordable Housing Development Opportunities

Attachment AHD1	Draft Scope of Services for Procuring a Consultant to Prepare MDHA Master Plan
Attachment AHD2	Administration of the GOB Affordable Housing Program
Attachment AHD3	Guidelines for Proposals for GOB Affordable Housing
Attachment AHD4	Policies and Procedures for the Resale of a House or Development Financed with GOB Affordable Housing Fund

XI. Community Outreach and Participation

Attachment CO1	Complete Resolution with List of Member Organizations
Attachment CO2	Complete List of Committees and Their Mission
Attachment CO3	The County Manager, Senior Advisor and MAT Appearances
Attachment CO4	SFCDC and MDHA Community Meeting Notes

XII. Housing, Economic Development and Community Support Services Restructuring
No Attachments

Addendum: Status of Affordable Housing Projects

No Attachments